MISCELLANEOUS

WORKS

OF

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THE

HARMONY OF INTERESTS.

AGRICULTURAL, MANUFACTURING,

AND

COMMERCIAL.

By HENRY C. CAREY.

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PREFACE.

THE tendency of the whole British system of political economy is to the production of discord among men and nations. It is based upon the Ricardo and Malthusian doctrines of rent and population, which teach that men every where commence the work of cultivation on the rich soils of the earth, and that, when population is small, food is abundant; but that as numbers increase, men are forced to resort to poorer soils, yielding steadily less and less in return to labor. As a necessary consequence of the increasing scarcity of fertile soils, it is held that with this diminishing return, the land-holder is enabled to take a larger proportion of the proceeds of labor, thus profiting at the cost of the laborer, and by reason of the same causes which tend to the gradual subjugation of the latter to the will of his master. Here are, of course, lying at the very foundation of the system, discordant interests, and this discord is found in every succeeding portion of it. Over-population is held to be a result of a great law of nature, in virtue of which men grow in numbers faster than can grow the food that is to nourish them; and the poverty, vice, and crime that everywhere exist, are regarded as necessary consequences of this great law, emanating from an all-wise, all-powerful, and all merciful Being. War, famine, and pestilence are regarded as means provided by that Being for restraining population within the limits of subsistence. Charity is regarded as almost a crime, because it tends to promote the growth of population. The landlord excuses himself for taking large rents, on the ground that it is a necessary consequence of the natural tendency of man to increase in numbers with too great rapidity. The stockholder of the East India Company, who luxuriates upon the produce of his stock, regards it as one of the natural consequences of this great law that he should receive, as rent, so large a portion of the proceeds of labor applied to cultivation, as to leave to the poor cultivator but half a dollar per month out of which to supply himself and his family with food, raiment, and shelter; and excuses himself to his conscience, on the ground that it is a necessary result of great natural laws. Capital cannot become more productive, except at the cost of labor; nor can wages rise, except at the cost of capital.

Among the consequences of this great law of discords, promulgated by Malthus and Ricardo, is found the idea that, if men would prosper, they must live apart from each other. The rich lands of England are, as it is said, already occupied, and those who would find rich lands must fly to America or to Australia, there to produce food and raw materials with which to supply the market of England; and thus it is that that country seeks to establish a system of commercial centralization, that is—as was so justly said, seventy years since, by *Adam Smith*—a manifest violation of "the most sacred rights of mankind." That great man was fully possessed of the fact that, if the farmer or planter would flourish, he must bring the consumer to his side; and that if the artisan would

flourish, he must seek to locate himself in the place where the raw materials were grown, and aid the farmer by converting them into the forms fitting them for the use of men, and thus facilitating their transportation to distant lands. He saw well, that when men came thus together, there arose a general harmony of interests, each profiting his neighbor, and profiting by that neighbor's success, whereas the tendency of commercial centralization was toward poverty and discord, abroad and at home. The object of protection among ourselves is that of aiding the farmers in the effort to bring consumers to their sides, and thus to carry into effect the system advocated by the great author of *The Wealth of Nations*, while aiding in the annihilation of a system that has ruined Ireland, India, Portugal, Turkey, and all other countries subject to it; and the object of the following chapters is that of showing why it is that protection is needed; how it operates in promoting the prosperity of, and harmony among, the various portions of society; and how certain it is that THE TRUE, THE PROFITABLE, AND THE ONLY MEANS OF ATTAINING PERFECT FREEDOM OF TRADE, is to be found in that efficient protection which shall fully and completely carry out the doctrine of Dr. Smith, in bringing the loom and the anvil to take their natural places by the side of the plough and the harrow.

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THE

HARMONY OF INTERESTS:

AGRICULTURAL, MANUFACTURING, AND COMMERCIAL.

WHY is protection needed? Why cannot trade with foreign nations be carried on without the intervention of custom-house officers? Why is it that that intervention should be needed to enable the loom and the anvil to take their natural places by the side of the plough and the harrow? Such are the questions which have long occupied my mind, and to the consideration of which I now invite my readers.

Of the advantage of perfect freedom of trade, theoretically considered, there could be no doubt. The benefit derived from such freedom in the intercourse of the several States, was obvious to all; and it would certainly seem that the same system so extended as to include the commerce with the various states and kingdoms of the world could not fail to be attended with similar results. Nevertheless, every attempt at so doing had failed. The low duties on most articles of merchandise in the period between 1816 and 1827, had produced a state of things which induced the establishment of the first really protective tariff, that of 1828. The approach to almost perfect freedom of trade in 1840, produced a political revolution, and a similar but more moderate measure, led to the revolution of last year. These were curious facts, and such as were deserving of careful examination.

It may be assumed as an universal truth, that every step made in the right direction will be attended with results so beneficial as to pave the way for further steps in the same direction, and that every one made in the wrong direction will be attended with disadvantageous results tending to produce a necessity for a retrograde movement. The compromise bill, in its final stages, was a near approach to perfect freedom of trade, the highest duty being only 20 per cent. Believing it to be a step in the right direction, one of the enthusiastic advocates of perfect freedom of trade proposed, soon after its passage, that, commencing with 1842, there should be a further reduction of one per cent. per annum for twenty years, at the end of which time all necessity for custom-houses would have disappeared. With the gradual operation of the earlie. stages of that bill there was, however, produced a state of depression so extraordinary as to lead to a political change before reaching its final stages,

and the duties had scarcely touched the point of 20 per cent. before they were raised to 30, 50, 60, or more, by the passage of the tariff of 1842. With the election of 1844, the friends of free trade were restored to power, and two years afterwards was passed the tariff of 1846—the free-trade measure—in which the revenue duty on articles to be protected was fixed at *thirty* per cent. Here was a retrograde movement. Instead of passing from twenty downwards, we went up to thirty, and thus was furnished an admission that so near an approach to free trade with foreign nations as was to be found in twenty per cent. duties had not answered in practice. Since then, it has been admitted, even by the most decided free-trade advocates, that on certain commodities even thirty per cent. was too low, and within six months from the date of the passage of the act of 1846, its author proposed to increase a variety of articles to thirty-five and forty per cent.* Here was another retrograde movement. It is now admitted that there are other articles the duties on which require to be raised, and daily experience goes to prove that such must be the case, or we must abandon some of the most important branches of industry. The tendency is, therefore, altogether backward. Thirty per cent. duty is now regarded as almost perfect freedom of trade, and instead of proposing a further annual reduction, each year produces a stronger disposition for a considerable increase. In all this, it is impossible to avoid seeing that there is great error somewhere, and almost equally impossible to avoid feeling a desire to understand why it is that the approaches towards freedom of trade with foreign nations have so frequently failed, and why it is that every strictly revenue tariff is higher than that which preceded it.

With a view to satisfy myself in regard thereto, I have recently made the examination, before referred to, of our commercial policy during the last twenty-eight years, commencing with 1821, being the earliest in relation to which detailed statements have been published. Before commencing to lay before you the results obtained, it may be well to say a few words as to the merits claimed by the two parties for their respective systems.

The one party insists that protection is "a war upon labour and capital," and that by compelling the application of both to pursuits that would otherwise be unproductive, the amount of necessaries, comforts, and conveniences of life obtainable by the labourer is diminished. The other insists that by protecting the labourer from competition with the ill-fed and worse-clothed workmen of Europe, the reward of labour will be increased. Each has thus his theory, and each is accustomed to furnish facts to prove its truth, and both can do so while limiting themselves to short periods of time, taking at some times years of small crops, and at others those of large ones, and thus it is that the inquirer after truth is embarrassed.† No one has yet, to my knowledge, ever undertaken to examine all the facts during any long period of time, with a view to show what have been, under the various systems, the powers of the labourer to command the necessaries and comforts of life. One or other of the systems is true, and that is true under which labour is most largely rewarded: that under which the labourer is enabled to consume most largely of food, fuel, clothing, and all other of those good things for the attainment of which men are willing to labour. If, then, we can ascertain the power of consumption at various periods, and the result be to show that it has invariably increased under one course of action, and as invariably diminished under another, it will be equivalent to a demonstration of the

* Treasury Report, Feb. 1, 1847.

† A person employed in the preparation of government statistics inquired, on being asked to prepare some tables, what was to be the policy to be proved. "Why," said the other, "could you prove both sides?" "Equally well," said he.

truth of the one and the falsehood of the other. To accomplish this, has been the object of the inquiry in which I have recently been engaged.

It is necessary now to show what have been the distinguishing features of the several systems that have been in operation during the period to be examined. They are as follows:—

First. The tariff of 1816 was a planters' and farmers' measure. Cotton and coarse cotton cloths were carefully protected. Iron itself was well protected, but almost all manufactures of iron, the commodities for the production of which pig or bar iron could be used, were admitted at 20 per cent. Wool paid 15 per cent. Blankets and woollen and stuff goods paid 15 per cent., and finer goods 25 per cent., until 1819, after which they paid but 20 per cent. Spirits paid a heavy specific duty, for the benefit of the farmers; but paper, hats, caps, manufactures of leather, types, and manufactured articles generally, paid only from 20 to 30 per cent. Coal paid 5 cents per bushel, but the commodities in the manufacture of which coal was to be used paid ad valorem duties. Protection was thus given to the coarse commodities that least required it, and refused to those for the production of which the coarser ones were to be used. As a matter of course, its protective features were totally inoperative.

Second. That of 1824, under which iron was, as before, well protected, but manufactures of iron, and of metals generally, were admitted at 25 per cent. Wool was raised to 20 per cent., to increase, by successive stages, until it reached 30 per cent. Coarse woollens were fixed permanently at 25 per cent. Finer ones were to rise gradually until they reached 33½ per cent. Carpets paid from 20 to 50 cents per square yard. Hams paid 3, and butter 5 cents per pound. Potatoes 10, oats 10, and wheat 25 cents per bushel; while scythes, spades, shovels, and other things requisite for the raising of wheat and potatoes, paid 30 per cent. Spirits were carefully protected. Bolting cloths paid 15 per cent. Sail-duck, Osnaburgs, &c., 15 per cent. Cotton cloths paid 25 per cent., with a minimum of 30 cents per yard. The general features of this law did not vary materially from those of that of 1816, although protection was slightly increased.

Third. The first tariff thoroughly protective, and so intended to be, was that of 1828. It continued until 1832, when was passed the first of two laws by which the whole policy of the country was changed. This series constitutes stage the

Fourth. By the act of July 14, 1832, railroad iron was admitted free of duty. Axes, spades, &c., as before, 30 per cent. Bar and pig iron were carefully protected, but a large portion of the commodities for which they were needed were thus admitted without duty, or at the same rate as under our present free-trade tariff. Tea and coffee were free. Silks paid 10 per cent. Wool was protected, but worsted stuff goods were admitted at 10 per cent. Cotton goods paid 25 per cent., with minimums of 30 cents for plain, and 35 for prints. This continued in force until the following March, when was passed *the Compromise Act*, under which linens, stuff goods, silks, and other articles were admitted free of duty, and one-tenth of the excess over 20 per cent. reduced from all other commodities, to take effect December, 1833, with a further similar reduction every two years until 1841, when one-half of the remaining surplus was to be reduced, and the other half in 1842, when no duty would exceed 20 per cent.

Fifth. The protective tariff of 1842, which was followed by

Sixth. The free trade tariff of 1846, now in existence.

We have thus had six different systems, but the first and second differ from each other so little that it is unnecessary to separate the years falling under them, whereas the early years of the Compromise differ so essentially

from the two latter that it is expedient to separate them. I shall therefore group the results as follows:—

First. The tariffs of 1816 and 1824, ending with 1829.

Second. That of 1828, commencing with October, 1829, and ending with the period at which the Compromise began to become operative, October, 1834.

Third. The Compromise, commencing with 1835 and ending with 1841.

Fourth. The years 1842 and 1843, the period immediately preceding and following the passage of the act of 1842, being that of the strictly revenue tariff of 20 per cent.

Fifth. The tariff of 1842, commencing June, 1843, and ending June. 1847.

Sixth. That of 1846, commencing June, 1847, and coming down to the present time.

It will be observed that I have placed the year 1829 in the first period. and 1834 in the second. It is not the passage of an act that produces change, but its practical operation, and the first year of the existence of a new system is but the sequel of that which is passing out. When protection is given to the makers of cloth and iron, mills and furnaces are not built in a day, nor are they abandoned as soon as protection is withdrawn. Had it been possible, I would have pursued the same precise system with every period, but it was not. The act of 1842 came into operation on the first of September of that year, and in the following one the time for making up the Treasury accounts was changed to June 30, and therefore only the first ten months that followed its going into effect could be included under the previous period. That of 1846 did not come into effect until December 1, and therefore but the first seven months that followed could be included in the system of 1842. The law of 1842 was in existence four years and a quarter, but I could give it only four years, which works materially to its disadvantage, and to the advantage of that of 1846.

In some cases even more than a year would be required to make an exact comparison of the working of the different systems. The immigration of one year is materially influenced, perhaps I might say determined, by the state of the labour-market of the previous year, and the change in that is at least a year subsequent to the passage of a law. Thus, if the tariff of 1842 tended to raise the compensation of the labourer, its effects would not become obvious until 1843, and it would not be until 1844 or even 1845, that an increase of immigration would take place. The price of labour was high in 1847–8, and we have a large amount of immigration in 1849. It is now falling, and the immigration of next year will probably be reduced.

So likewise is it with the supply of grain. A diminution in the demand for labour in mines and furnaces in 1842 tended to increase emigration to the West. For the first year, 1843, those emigrants were consumers only. In the second, 1844, they had grain to sell, and prices fell. In the present year, the demand for labour in mines and furnaces, and in the erection of mills and furnaces, is diminished, and emigration to the West is increased, yet the effect of this on the supply and price of food may not, and probably will not become obvious until 1852.

Your predecessor appears entirely to have overlooked this necessity for allowing time to permit new systems to develope themselves, and to affect the movements of the people. In his last report to Congress is given a comparative view of the receipts from customs in the last six months of the tariff of 1842, and the first six of that of 1846, by which it is shown that the one was twice as productive as the other, and yet very slight reflection would have sufficed to satisfy him that scarcely any portion of the difference

had resulted from the change of commercial policy indicated by the adoption of his tariff. The amount that could be imported and paid for was dependent on the state of affairs that had existed in the country during the previous year, and the passage of the law had scarcely even the slightest influence upon it. In the same way, the receipts from customs from September, 1842, to November, 1846, are compared with those of 1847 and 1848, when it is well known that in 1842, under the Compromise, the imports had fallen so low that the government was compelled to send to Europe to endeavour to effect a loan for its support even in a time of profound peace. If a cause has right on its side, such erroneous views cannot be required to be presented. In the tables that I shall now offer for consideration, I have pursued, as nearly as possible, a uniform course, commencing each period at the time at which the system might fairly be deemed to become operative, to wit: at the close of the fiscal year following the one in which the law was enacted. If error, then, exist at the commencement of the period, it will find its compensation at the close, and thus justice will be done to all.

There still remain two other points in regard to these tables, to which I have to ask your attention.

First. It is usual in almost all tables of import and export to exclude specie and bullion. This is wrong, and tends to produce error, and to prevent a proper understanding of the working of the system that may be under consideration. Gold and silver are commodities produced abroad, of which we consume large quantities, occasionally exporting the surplus; and there is no reason whatever why they should not be treated precisely as are coffee, wines, brandy, and other foreign commodities. When they are imported they come in exchange for our products, and the sum of merchandise and specie imported is the value of our exports. When exported, they go in lieu of our products, and should be treated as foreign merchandise re-exported. By deducting them from the value of the merchandise imported we obtain the value of our domestic exports.

Second. It is usual to affix to the commodities exported arbitrary prices, and thus to obtain their money value. These prices are fixed at the ports of shipment, and represent only what *we ask* for the commodities we have to sell, not what *we get* for them. They represent, too, the prices *minus* the earnings of the machinery employed in performing the work of transportation, which must then be guessed at. The consequence of all this is, that the tables published by the Treasury are totally worthless as guides to a proper understanding of the general course of trade. What is needed to obtain such an understanding is that the nation make out its accounts as it would do if it were a merchant, putting down not the price asked but the price received, and then balancing its books by ascertaining whether the year's business has increased or diminished its debts. The amount received for our exports constitutes their precise value, and to ascertain what is that amount we should take the value of merchandise imported, deducting therefrom any debt contracted, or adding thereto any debt paid off, during the year. Thus, if the imports be $100,000,000, and the debt contracted by the transfer of stocks has been $10,000,000, the amount paid for by our exports is only $90,000,000. On the contrary, if we have paid off that amount of debt, it should be added, and we should thus obtain $110,000,000 as the true value of the produce and merchandise exported. The freights are thus included.

To carry this fully into practice in the following tables would be impracticable, but it may be done in part. It is generally understood that the amount of American stocks, public and private, held in Europe in 1841 exceeded $200,000,000, and there is reason to believe that they exceeded

by $170,000,000 the amount held in November, 1834, when the great stock speculation commenced.* By deducting this sum from the merchandise imported between the close of 1834 and the year 1841, we shall obtain the value of produce and merchandise exported. A part of this debt was absorbed in the years 1845, 1846, and 1847, while on the other hand new debts were created last year, and are now being created by the transmission of evidences of debt. To the imports of the three first named should be added the debt absorbed, and from those of the last two years should be deducted the debt created, and we should then obtain the actual amount paid for by produce and domestic merchandise exported, and by the shipping employed in the work of transportation.

There are other and earlier years in which corrections might be required, but they are of trifling amount by comparison with those to which I have referred. In those years small loans were made, but it is probable that nearly as much was paid off, except perhaps in 1825, in which a considerable amount of European debt was created. The amount, however, is so uncertain that I have not thought it worth while to make any correction therefor; although to do so might, and perhaps would, produce a sensible diminution in the value received for our produce exported prior to 1829, which would thereby be placed in a somewhat worse position than that in which I have represented it.

With these remarks, I will now proceed to lay before you the results of my inquiries. In doing so, I will give every fact that appears to me likely to throw light on this important question, concealing nothing. If, then, those who have arrived at conclusions different from mine, and are in possession of other facts, will put them together as I now do, we may by degrees arrive at the truth. It is the great question for the nation, and it is time that it should be examined as a purely scientific, and not as a party or sectional one.

CHAPTER SECOND.

The average population of the Union in the several periods referred to, is thus estimated in the last Treasury Report:†

First. For the years from that ending Dec. 31, 1821, to that of Dec. 31, 1829	11,247,000
Second. From Sept. 1829, to Sept. 1834‡	13,698,000
Third. From Sept. 1834, to Sept. 1841	16,226,000
Fourth. From Sept. 1841, to June, 1843	18,296,000
Fifth. From June, 1843, to June, 1847‡	19,771,000
Sixth. From June, 1847, to June, 1848	21,000,000
Seventh. From June, 1848, to June, 1849	21,700,000

* Report of Select Committee on Banks of Issue: Evidence of Mr. I. Horsley Palmer, page 106.

† Page 68.

‡ As these years are frequently referred to separately, I give their population, on the same authority:—

1829–'30	12,856,165	1843–'44	19,034,332
1830–'31	13,377,415	1844–'45	19,525,749
1831–'32	13,698,665	1845–'46	20,017,165
1832–'33	14,119,915	1846–'47	20,508,582
1833–'34	14,541,165	1847–'48	21,000,000

The amount of foreign merchandise, specie included,* retained in these several periods, has been as follows :—

		Total.	Annual Average.	Pr. head.
1821 to 1829		$508,000,000	56,400,000	$5·00
1830		55,500,000		4·32
1831		81,000,000		6·10
1832		75,500,000		5·51
1833		88,000,000		6·20
1834		103,000,000		7·08
1835 to 1841	854,000,000			
Deduct debt incurred	170,000,000	684,000,000	97,700,000	6·02
1842 to 1843 (21 months, ending June 30,)		145,000,000	82,000,000	4·48
1843–'44		96,000,000		5·03
1844–'45		101,000,000		5·16
1845–'46	110,000,000			
Add debt and back interest paid	5,000,000	115,000,000		5·75
1846–'47	138,000,000			
Do.	5,000,000	143,000,000		7
1847–'48	131,600,000			
Deduct debt incurred	8,000,000	121,600,000		5·88
1848–'49	134,700,000			
Do.	22,000,000	112,700,000		5·19

The facts derivable from an examination of the above accounts are as follows :—

First. That the amount received from foreign nations in exchange for our surplus products largely increased during the existence of the tariff of 1828.

Second. That the amount so received diminished greatly after the Compromise Bill began to become operative.

Third. That the amount so received from foreign nations was still further and largely diminished under the strictly revenue clauses of that bill, and that the tendency was downward when the system was changed.

Fourth. That the amount so received increased rapidly under the tariff of 1842, attaining nearly the same point that had been reached under the tariff of 1828, and that in both cases the tendency was still upwards when the system was changed.

Fifth. That the amount so received diminished in the year 1848.

Seventh. That the amount of debt incurred in the last two years must tend to produce a further diminution in future ones.

In establishing the scale of value of our exports, including the earnings of shipping, the following is the order to be pursued :—

First, and lowest. The strictly revenue clauses of the Compromise Act.

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* The movement of specie in those periods was as follows :—

1821 to 1829, Excess export	$9,000,000	Deducted from the merchandise imported.
1830 to 1834, Excess import	25,000,000	Added thereto.
1835 to 1841, " "	27,900,000	do.
1842 and 1843, " "	20,000,000	do.
1844 to 1847, " "	18,000,000	do.
1848, Excess export	9,000,000	Deducted.
1849. " import	2,000,000	Added.

Second. The partially protective tariffs of 1816 and 1824.
Third. The Compromise Act.
Fourth. The tariff of 1828.
Fifth, and highest. The tariff of 1842.

Thus far, the tariff of 1846 stands below that of 1842, and the tendency is downward, but to what place in the scale it will descend can be determined only after it shall have been some years in operation.

CHAPTER THIRD.

REVIEW OF THE COMMERCIAL POLICY OF THE LAST THIRTY YEARS.

I NOW proceed to show in detail the consumption of various commodities, of foreign and domestic production. In doing so, it will be necessary in some cases, to arrive at a correct understanding, to make allowances similar to those above given: my object being that of showing what was the power to *consume* that was derived from the power to *produce* commodities to be given in exchange for those which were consumed.* It would be proper to do this in all, but the effect would be to render the whole somewhat complicated, besides involving much labour. In giving the imports of the period from 1834 to 1841, they will always be accompanied with the mark of *minus* one-fifth, so as to show the amount consumed and *paid for*. In giving those of 1845–6 and 1846–7, they will, in some important cases, be accompanied with that of *plus* one-twentieth, so as to show the quantity of merchandise imported in a previous period, and *then paid for* by the cancelling of certificates of debt. Those of 1848 will have the mark of *minus* one-seventh, to show the amount paid for by the re-export of nine millions of foreign merchandise in the form of specie, and the export of eight millions of certificates of debt. Of the imports of the year ending in June last, amounting to $134,700,000, about $22,000,000, or one-sixth, were obtained in exchange for such certificates, and will be so marked.

The total value of pig, bar and manufactured IRON, of every description, imported into the Union, since 1821, has been as follows:—

Years ending,		Per head.
Sept. 30, 1821 to 1829, average	$5.400,000	48 cents
" 1830	5,900,000	46 "
" 1831	7,200,000	54 "
" 1832	8,800,000	64 "
" 1833	7,700,000	55 "
" 1834	8,500,000	59 "
" 1835 to 1841 . $10,000,000 — $\frac{1}{5}$,	8,000,000	49 "
" 1842 to June 30, 1843, average	5,500,000	30 "
June 30, 1844	5,700,000	30 "
" 1845	9,000,000	46 "
" 1846 . $5,830,000 + $\frac{1}{20}$	6,120,000	31 "
" 1847 + $\frac{1}{20}$	9,000,000	44 "
" 1848 . 12,500,000 — $\frac{1}{7}$	10,800,000	50 "
" 1849 . 13,833,094 — $\frac{1}{6}$	11,500,000	53

* See page 9.

We see here, that the value imported and *paid for*, largely increased from from 1830 to 1834, under the protective tariff of 1828; that it diminished considerably between 1834 and 1841, and that it reached the lowest point in 1841–2 and 1842–3. Thenceforward it rose, and the year 1846–7 shows an advance of about fifty per cent. from the lowest point. It is therefore obvious, that the power to pay for foreign iron increased under protection, and diminished with its withdrawal. I give now the *quantity* of various kinds of IRON imported:

	Pig, tons.	Old, tons.	Rolled, tons.	Hoop, tons.	Steel, tons.	Ham'd, tons.	Total, tons.	Pr h. lbs.
1821 to 1829, average,	1550	—	5400	1500	1200	26,000	35,650	7
1830,	1129	—	6449	1038	1223	30,693	40,532	7
1831,	6448	—	17,245	2532	1710	23,308	51,243	8⅔
1832,	10,151	—	20,387*	2853	2146	38,150	73,687	12
1833,	9330	998	28,028*	3350	2131	36,129	79,961	13
1834,	11,113	1617	28,896*	2214	2431	31,784	78,055	12
1835 to 1841, average — ⅛	8800	640	36,000*	2600	2150	24,000	74,190	10
1842–3, average,	14,500	500	46,000†	2900	2400	14,750	81,050	10
1844,	26,050	5770	46,000	3600	2800	17,500	101,720	12
1845,	27,000	5800	51,000	5800	2800	18,176	110,576	13
1846,	24,000	2350	24,000	5040	5200	21,800	82,390	9
1847,	27,800	1850	40,000	6000	5400	15,300	96,350	10⅔
1848, — ⅐	44,000	5700	70,000	8300	5850	17,000	150,850	16
1849, — ⅙	88,000	8000	145,000	10,000		9,000	260,000	27

The quantity *paid for by our exports* was thus almost doubled before the termination of the second period, in 1834; while it diminished under the compromise, and still further under the revenue system. As the tariff of 1842 came into activity, we find a rapid increase in the power to purchase, until the import became checked by the vast increase in the price abroad, and in the manufacture at home.

DOMESTIC PRODUCTION OF IRON.

In 1810, the whole number of furnaces in the Union was 153, yielding 54,000 tons of metal, equal to 16 pounds per head of the population.

1821, the manufacture was in a state of ruin.

1828, the product had reached 130,000 tons, having little more than doubled in eighteen years.

1829, it was 142,000. Increase in one year, nearly ten per cent.

1830, " 165,000. Increase in two years, more than twenty-five per cent.

1831, " 191,000. Increase in three years, about fifty per cent.

1832, " 200,000, giving an increase in three years of above sixty per cent.

1840, the quantity given by the census was 286,000, but a committee of the Home League, in New York, made it 347,700 tons. Taking the medium of the two, it would give about 315,000 tons, being an increase in eight years of fifty per cent.

1842, a large portion of the furnaces were closed, and the product had fallen to probably little more than 200,000, but certainly less than 230,000 tons.

1846, it was estimated, by the Secretary of the Treasury, at 765,000 tons, having trebled in four years.

1847, it was supposed to have reached the amount of not less than 800,000 tons.

1848, it became stationary.

1849, many furnaces being already closed, the production of the present year cannot be estimated above 650,000 tons; but, from the accumulation of stock and the difficulty of selling it, it is obvious that the diminution next year will be greater.

* Railroad iron free of duty. † Duty re-imposed.

	Domestic product.	Per head.	Import. Per head.	Total consumption
1821 to 1829, average, .	90,000	18	7	25
1830, ...	165,000	29	7	36
1831, ...	191,000	33	8⅔	41⅔
1832, ...	210,000	35	12	47
1833, ...	210,000*	33	13	46
1834, ...	210,000*	33	12	45
1835 to 1841, average, .	250,000	35	11	46
1842–1843, average,	230,000	28	10	38
1844, ...	380,000	45	12	57
1845, ...	500,000	58	13	71
1846, ...	765,000	86	9	95
1847, ...	800,000	88	10⅗	98⅗
1848, ...	800,000	86	19	105
Deduct from this the quantity imported in exchange for certificates of debt, and therefore remaining to be paid for at a future time, ...				3
There will remain				102
If now we further deduct from this the accumulation of stock on hand, we shall find the consumption not exceeding that of the preceding year, say				98⅗
1849, ...	650,000	67	32	99
The value imported in this period is $13,800,000, and the amount of debt incurred is $22,000,000, chiefly for this iron. The quantity on hand is variously estimated between 250 and 300 thousand tons. Taking the former, the amount per head would be				26
Which being deducted, would leave the consumption at .				— 73

From 1821 to 1829, the cost of iron, in labour, was high, as is shown in the fact that the consumption was but twenty-five pounds per head. In 1832, it had risen to 47 pounds; but, railroad iron being then freed from duty, the consumption of the two following years fell off, indicating an increased difficulty of obtaining it. Thence to 1841, the average power of consumption appears to have remained almost perfectly stationary; but, in the two following years, we find it receding rapidly. As the tariff of 1842 comes into operation, there is a rapid increase in the power of consumption, indicating a diminution in the amount of labour required for its purchase; and the year 1846–7 shows it attaining a point far higher than ever before known, being almost 100 pounds per head. With the year 1847–8, the domestic production declined in its ratio to population, and the import increased; but the total quantity in market was very little greater than in the previous year, yet the close of that year showed an accumulation of stock on hand. In 1849 we find a rapid increase of import and diminution of production, yet the total quantity brought to market is less per head than in 1846–7, and of that there is already so vast an accumulation that the seaports are filled with it, and the stock on hand at the furnaces is such, that many will be forced to stop work, as numbers have already done.† It is obvious that the difficulty

* Railroad iron, free of duty.

† Pennsylvania is the great iron-producing State of the Union, and we may form some idea of the accumulation of stock, or the diminution of production, there, from the following facts. The pig iron sent to market by the one route of the Chesapeake and Delaware Canal, from the opening of navigation to the first of September, 1848, amounted to 24,000 tons; whereas, in the same period of 1849, it fell to little over 12,000 tons, and the bar iron from 5000 to 1250 tons.

of obtaining iron is increasing, and that the consumption is rapidly diminishing, with a tendency to still further diminution.

The important facts to be derived from this examination are—first, the small increase of importation that results, even temporarily, from the abolition of the duty. During the period from 1830 to 1832, railroad iron paid duty, and yet the importation trebled in that time, and the last year was far the greatest of the three. For nine years after, it was totally free from duty; and, although much of that which was imported for railroads is said to have been used for other purposes, the increase averages but seventy per cent. By the tariff of 1841,* railroad iron was rendered subject to duty, and the import of rolled iron in 1842 and 1843 was 46,000 tons, being two-thirds more than was imported free of duty in 1834.

Second. That, under the protective tariff of 1828, the total consumption, per head, increased, in four years, fifty per cent. That, under the system which prevailed from 1832 to 1842–3, consumption was almost stationary, and was probably less per head than it had been at the commencement of the period. That, under the tariff of 1842, the average consumption increased in the first year from thirty-nine to fifty-seven pounds, and that, in 1846 and 1847, it attained the height of almost one hundred pounds per head, exceeding by 150 per cent. the consumption of the free trade period of 1842–3.

If, now, we look at the single article of railroad iron, we find similar results. Up to 1842, not a single ton of it had ever been made in this country, and yet the average consumption of rolled iron, of every description, in the ten years from 1832 to 1842, free of duty as it was, was but about 36,000 tons. Commenced only in 1843, the manufacture of railroad bars in 1845 had already reached about 50,000 tons, and, in 1847, it had attained nearly 100,000 tons, and yet the average import of rolled iron for the four years was nearly as great as before. The domestic production has now fallen almost to nothing, and yet the import has been only 174,000, of which, it is said, there is now on hand a supply adequate to meet the demand, such as it is at present, for two years to come.

The questions to be settled are—Which is the system under which iron is most cheaply furnished? Which is the one under which it is most readily obtained by those who desire to use it? If free-trade be the one, then the power to import, under it, ought to grow more rapidly than the power to produce diminishes; but we see here that the power to import diminishes with the power to produce, and grows with the growth of the power of production, being greatest under protection.

COAL.

	Anthracite. Tons.	Foreign. Tons.	Total. Tons.	Consumption per 1000 of populat'n
1821 to 1829, average,	37,000	30,000	67,000	6 tons.
1830, ...	142,000	54,000	196,000	15
1831, ...	216,000	34,000	250,000	19
1832, ...	318,000	66,000	384,000	28
1833, ...	395,000	85,000	480,000	34
1834, ...	451,000	67,000	518,000	35
1835 to 1836, . . .	671,000	78,000	749,000	50
1837, ...	881,000	140,000	1,021.000	64
1838 to 1841, . . .	850,000	145,000	995,000	58
1842, ...	1,108,000	141,000	1,249,000	69

* This was a provisional tariff, having for its sole object the increase of revenue, and was limited to alterations in a few articles.

	Anthracite. Tons.	Foreign. Tons.	Total. Tons.	Consumption per 1000 of popular'n.
1843, ...	1,312,000	55,000	1,367,000	74
1844, ...	1,631,000	87,000	1,718,000	90
1845, ...	2,023,000	86,000	2,109,000	108
1846, ...	2,343,000	156,000	2,499,000	125
1847, ...	2,982,000	148,000	3,130,000	152
1848, ...	3,089,000	196,000	3,285,000	156
1849, ...	3,200,000	200,000	3,400,000	156

In this case, it has been necessary to separate the years 1842 and 1843, because of the whole of the latter coming within the action of the tariff of 1842,* the account of the domestic production being made up to the close, instead of the middle of the year, as in the case of imports.

The facts that here present themselves are worthy of careful consideration. When we produced little coal, we imported little, the total consumption being only six tons per thousand of the population. As the production grew, the import grew, and thus, in 1846 and 1847, when we produced *eighty* times as much as in the period from 1821 to 1829, we imported five times more.

From 1829 to 1834, and thence to 1837, the increase of consumption was rapid. Thence to 1841, it diminished ten per cent. In 1842, it was scarcely higher than it had been five years before. In the five years which followed, it rose from 69 to 152 tons, showing a rapid diminution in the quantity of labour required to be given in exchange for it. In 1848, under the action of the tariff of 1846, the production became almost stationary, and the diminished power of consumption is shown in the fact that although the quantity sent to market maintains the same ratio to population, much of it is sold at a loss to the producer.

With every step in the growth of the home production of coal, the money price has steadily diminished. That of a ton of anthracite in 1826, in Philadelphia, was six, eight, and sometimes ten dollars, and yet the whole import was only 970,000 bushels, or about 30,000 tons. In 1846, the price of anthracite was about four dollars, and yet the import was 156,000 tons. It would appear from this, that when a nation is capable of supplying itself, other nations, desiring to sell, must come to them and sell at the lowest price, and the consumption is large; but when it cannot supply itself, it must go abroad to seek supplies, and pay the highest price, and then consumption is small. Applying this to iron, we find that when we had to seek abroad for nearly all our supply, it sold at prices twice or thrice as great as those at which it is now obtained.

In 1846 and 1847, notwithstanding the vast increase in the supply of coal, so great was the consumption that we had to go abroad to make up the deficiency, and to pay the high prices which our own demand largely tended to produce, a state of things which could not have happened had we been prepared to supply the whole demand.

It remains to be seen whether the converse of this proposition may not be true, to wit, that when a nation makes a market at home for nearly all its products, other nations have to come and seek what they require, and pay the highest price; and that, when it does not make a market at home, markets must be sought abroad, and then sales must be made at the lowest prices. If both of these be true, it would follow that the way to sell at the highest prices and buy at the lowest is to buy and sell at home.

* It came into action on the 30th of August of that year.

COTTON.

IMPORT OF COTTON MANUFACTURE.

Years ending			Per head.
September 30,	1821 to 1829, average,	$9,454,000	84 cts.
"	1830,	7,862,000	61
"	1831,	16,090,000	1·21
"	1832,	10,399,000	76 } 76 av.
"	1833,	7,660,000	54
"	1834,	10,145,000	70
"	1835 to 1841, 12,000 — ⅛	9,600,000	59
"	1842 to June 30, 1843, average,	7,184,000	39
June 30,	1844,	13,641,000	72
"	1845,	13,863,000	71
"	1846,	13,500,000	67½
"	1847,	16,071,000	78
"	1848, $18,412,000 — ¼	15,582,000	74
"	1849, 15,180,000 — ⅛	12,650,000	56

The number of yards of cloth imported in 10 years is thus given. I have been unable to complete this table, or it should be given in full. I give all I have met with:

1831,	68,577,000
1835,	53,974,000
1836,	56,931,000
1837,	23,774,000
1838,	20,240,000
1839,	42,418,000
1840,	20,011,000
1842–3,	8,936,000
1844–5,	34,500,000
1845–6,	36,800,000

The differences here appear much more striking than in the table above. The diminution of consumption under the free-trade system is very regular, and the increase under protection nearly as much so.

Owing to the variety of cotton goods imported, it is difficult to estimate the weight of cotton contained in them; but, in the following table, I have made a rude estimate, with a view to show the growth of domestic consumption. It must be borne in mind that a large portion of the foreign commodities are of the finer and more costly descriptions, and that the weight is therefore small when compared with the value.

Crop of	Taken by Northern manufacturers.	Taken by Southern manufactur's.	Per head, domestic.	Per head. foreign.	Total, p. head.
1825–6 to 1829–30, average, bales	110,000	.....	4 lbs.	1¼ lbs.	5¼
1830–31,	182,000	.....	5½	1	6½
1831–32,	173,000	.....	5¼	2	7¼
1832–33,	194,000	.....	5½	1¼	6¾
1833–34,	196,000	.....	5½	0¾	6¼
1834–35,	216,000	.....	5¾	1¼	7
1835–36, to 1841–42, average,	263,000	.....	6½	1	7½
1842–43,	325,000	.....	7	0¾	7¾
1843–44,	347,000	.....	7¼	1¼	8½
1844–45,	389,000	.....	8	1¼	9¼
1845–46,	423,000	30,000	9¼	1¼	10½
1846–47,	428,000	40,000	9¼	1½	10¾
1847–48,	531,000	75,000	12	1½	13½
1848–49,	518,000	100,000	11 3/10	1⅕	12½

In estimating the domestic consumption, I have throughout taken the bale at four hundred pounds, although aware that there has been a gradual increase of the weight. This change would be important to be considered, if it were my object to compare 1847 with the distant year 1831; but it is unimportant when the object in view is the comparison of years which are near together, as is the fact.

The results in this case correspond almost precisely with those obtained from the examination of iron and coal. The home consumption of the crop of 1834–5, per head, was almost fifty per cent. greater than the average of previous years, while the import remained almost undisturbed. Under the Compromise, consumption appears to have remained almost perfectly stationary, the increase of domestic production being compensated by diminished importation. In 1842–3, the consumption per head was scarcely greater than it had been eight years before, when it should have doubled. With the operation of the tariff of 1842, we find the consumption of domestic products 75 per cent. greater, while the import is also almost doubled. It would appear obvious, that the power to obtain clothing in return for labour increased in both protective periods, and diminished with the approach to free trade. With 1848–9, the demand for Northern manufactures diminished; and, as many mills are now closed that were at work but a few months since,* there is reason to believe that the power to obtain clothing in return for labour is in a course of gradual diminution.

A portion of the cotton worked up at home has been exported, and was therefore not consumed at home. To have made allowance for this would have made the table very complicated, and it did not appear to be necessary, as the proportions were well preserved, having been about a million of dollars when the home consumption was 100,000 bales, two millions when it rose to 200,000, three millions out of 300,000, and five millions out of 500,000 bales.

WOOL.

IMPORT OF WOOLLENS.

Years ending			Per head.
September 30,	1821 to 1829, average, . .	$8,900,000	79 cents
"	1830, ...	5,766,000	45
"	1831, ...	12,627,000	95
"	1832, ...	9,992,000	75
"	1833, ...	13,262,000	93
"	1834, ...	11,879,000	82
"	1835 to 1841, av., $13,950,000 — $\frac{1}{5}$	11,160,000	69
"	1842 to June 30, 1843, . .	6,300,000	34
June 30,	1844, ...	9,475,000	50
"	1845, ...	10,666,000	55
"	1846, ...	10,089,000	50
"	1847, ...	10,570,000	51
"	1848, . . $15,230,000 — $\frac{1}{7}$	13,000,000	62
"	1849, . . 13,704,000 — $\frac{1}{6}$	11,400,000	53

* Within the last six months there have been been many failures among those engaged in the business; and, in these cases, the mills are not only closed, but likely so to remain.

The import into Cincinnati may be taken as evidence of the course of affairs in the West, and here we have the same result:

1846–7, ...	12,528 bales.
1847–8, ...	13,476
1848–9, ...	9,058

We see, thus, that notwithstanding the extreme lowness of price, the consumption has diminished.

Prior to the passage of the tariff of 1824, the woollen manufacture was in a very depressed condition; and, in 1825, the number of sheep was only fourteen millions,* producing about thirty-five millions of pounds of wool. Thenceforward the number increased, and the crop of 1829, 1830 and 1831, was estimated at fifty millions of pounds, the produce of twenty millions of sheep. At the close of 1834, there had been a further increase,* but to what extent we are not informed; but the value of the woollen manufacture was estimated at 65 millions of dollars against 40 millions in 1831. In 1840, the census returns show but 19,311,000, the number having diminished while the population had largely increased. The depression of 1841–2 was accompanied by the sacrifice of sheep to a considerable extent; yet so rapid was the subsequent change, that the number, in 1845, was estimated at twenty-five millions,† and in 1848 at twenty-eight millions. Ohio had, in 1846, only 2,065,000; but, in 1848, the number had risen to 3,677,000. The number in New York, in 1845, was 6,443,000, and, subsequently to that date, it had largely increased.

The deliveries on the New York canals, and at Pittsburgh, in 1840, were one-fifth of the total production by the census; and, since that date, they are thus stated—‡

1841, . . .	5,094,035	1845, . . .	13,267,609
1842, . . .	4,823,881	1846, . . .	12,269,537
1843, . . .	5,713,289	1847, . . .	16,325,987
1844, . . .	6,798,769	1848, . . .	11,665,540

Even this does not mark the whole increase, as the woollens factories of the interior of New York and other States absorb much that would otherwise pass on the canals, destined for distant places.

With these very imperfect data, we may now form some estimate of the consumption of this most important commodity. In estimating the weight contained in the cloth imported, I have taken it as being worth one dollar per pound, and therefore the figures which represent the *value* per head, give also the *weight* per head.

Average of	Millions of sheep.	Pounds of wool.	Imports. Pounds.	Total, domestic manufacture.	Per head.	Per head. Total, dom. & for.
1821 to 1829, . .	15	37,500,000	2,000,000	39,500,000	3.50	4·29
1830, . . .	20	50,000,000	669,000	50,669,000	3·90	4·35
1831, ...	21	52,500,000	5,622,000	58,122,000	4·40	5·35
1832, . . .	22	55,000,000	4,042,000	59,062,000	4·40	5·15
1833, ...	23	57,500,000	950,000	58,450,000	4·15	5·08
1834, . . .	24	60,000,000	2,341,000	62,341,000	4·30	5·12
1835 to 1841, . .	22	55,000,000	10,000,000	65,000,000	4·	4·69
1842 and 1843, .	19	48,000,000	7,500,000	55,500,000	3·	3·34
1844, . . .	22	55,000,000	23,800,000	78,800,000	4·10	4·60
1845, ...	24	60,000,000	28,800,000	88,800,000	4·50	5·05
1846, . . .	26	65,000,000	16,500,000	81,500,000	4·10	4·60
1847, ...	27	67,500,000	8,460,000	75,960,000	3·70	4·29
1848, . . .	28	70,000,000	11,380,000	81,380,000	3·90	4·52
1849, ...			17,860,000			

By the tariff of 1846, the duty on many descriptions of foreign wool was raised, while that on cloths was lowered; which accounts for the great diminution in the quantity imported.

That this is very incorrect there is no doubt; but it will enable us to make some comparison between the increase of imports as compared with the diminution of home production. From 1830 to 1834, the production

* Pitkin's Statistics, p. 488.

† Patent Office Report, 1847, p. 213.

‡ Merchant's Magazine, Vol. XXI., p. 217.

grew, and the import was large. From 1835 to 1841, the former largely diminished in its ratio to population; and the foreign cloths *paid for* in that period fell to sixty-nine cents per head. In the revenue period, from June, 1841, to June, 1843, production was very small, and the import fell to about thirty-four cents per head. In the four succeeding years, both grew rapidly. Under the tariff of 1846, there is a slight increase of import; but the home manufacture has diminished. The power to obtain cloth in exchange for labour has, therefore, invariably grown in the protective periods, and diminished with every approach to free trade.

PRODUCTION OF LEAD.

The arrivals at New Orleans have been as follows:—

	Pigs.		Pigs.		Pigs.
1828–'29,* average,	164,000	1834, . . .	202,000	1845, . .	732,000
1830, . .	254,000	1835 to 1841, .	298,000	1846, .	785,000
1831, . . .	151,000	1842, . . .	473,000	1847, . .	659,000
1832, . .	122,000	1843, . .	571,000	1848, .	606,000
1833, . . .	180,000	1844, . . .	639,000	1849, . .	508,000

We see here that the average of the seven years, from 1835 to 1841, was little greater than the product of 1830. The temporary tariff of September, 1841, raised the duty to five cents per pound, and production rose to almost 800,000 pigs. Since the passage of that of 1846, it has fallen to 500,000, and for this diminished supply there is little demand.

We have thus far seen that the application of labour and capital to the opening of mines, the erection of furnaces, mills, and factories, and to the conducting of such works, was arrested at the close of 1834, and that it did not recommence until after the passage of the tariff of 1842. We have also seen that it increased rapidly from 1843 to 1847, that it became stationary in 1848, and is now retrograding. Both seek to be employed, and if denied employment at home they must seek it abroad. If employed at home, there is a tendency to concentration and combination of action. If sent abroad, there is a tendency to dispersion, with diminished power of combination. One of these courses tends to increase the reward of labour, the other to diminish it. With a view to ascertain the effects of the two systems, I give,

First, The amount of IMMIGRATION, as showing how far the wages of labour tended to invite the people of foreign nations to come and reside amongst us, and,

Second, The amount of SHIPPING built, to show how far the establishment of an import trade of MEN, the cargo that pays the highest freights, tended to increase the facilities provided for the export of merchandise:—

IMIGRATION.

1821 to 1829, . .	12,000	1842–3, . . .	88,133
1830, ...	27,153	1844, ...	74,607
1831, ...	23,074	1845, . . .	102,415
1832, ...	45,287	1846, ...	147,051
1833, ...	56,547	1847, . . .	234,742
1834, ...	65,335	1848, ...	229,492
1835 to 1841, . .	67,520	1849, . . .	299,610

* These are the earliest years for which I have met with any accounts.

	Total shipping built. tons.	Per thousand. of population.	Steamers built.	Per million of population.
821 to 1829, average,	90,000	8 1823–29	35	3·1
1830,	58,000	4·5	37	3
1831,	85,000	6·4	34	2·6
1832,	144,000	10·5	100	7·2
1833,	161,000	11·4	65	4·6
1834,	118,000	8·1	68	4·7
1835 to 1841,	108,000	6·6	92	5·7
1842–3,	91,000	5	108	5·8
1844, (nine months,)	103,000=137,000	7·2	163=217	11·4
1845,	146,000	7·5	163	8·5
1846,	188,000	9·4	225	11·5
1847,	243,000	11·8	198	9·7
1848,	316,000	15	175	8·3
1849,	256,000	11·8	208	9·6

We see here a large increase in the years from 1830 to 1834, followed by a gradual diminution until we reach 1843, after which the rise is very rapid.

On a former occasion, I stated that immigration was not affected by changes of policy until after the lapse of more time than was required for other of the subjects we have had under consideration. A change tends to raise or depress the value of labour—to raise or depress the price of men—and after a rise has been effected, men come to offer their labour for sale. It will be seen that the number in 1831 was less than in 1830, and that it was not until 1832 that it rose. With the exception of 1835, it continued to rise until 1836–7, when it reached 78,083, after which it fell. In 1843–4, it felt the effect of the disastrous year 1842, and the number was only 74,000; and it was not until 1844–5 that it began to grow rapidly. At the present moment it is large, because of the great demand for labour in the years that have passed, but it is now feeling the effect of the present diminished demand, and consequent fall of wages.

Such, likewise, is the case with shipping. The first effect of a rise of wages is to increase the power to obtain the necessaries of life, and it is not until after that shall have been done that the power to consume foreign commodities tends materially to increase. The increase of ship-building did not commence until 1832. It fell off in 1838. Thus far the movement is precisely the same as that of immigration. It recommenced in 1844, somewhat in advance of immigration. It is now maintained by that, and that alone, and when that is falling off, it must fall too. The close connection between the power to secure valuable return-freights and the power to build ships, is shown in the following table, in which the movements of both are shown:—

	Immigration.	Shipping built.		Immigration.	Shipping built.
1821–31, aver.,	14,000	87,000*	1843,	75,000	64,000
1832,	45,000	144,000	1844,	74,000	140,000
1833,	56,000	161,000	1845,	102,000	146,000
1834,	65,000	118,000	1846,	147,000	188,000
1835,	53,000	60,000	1847,	239,742	246,000
1836,	62,000	113,000	1848,	229,492	316,000
1837,	78,000	122,000	1849,	299,610	256,000
1838–42, aver.,	76,000	120 000			

The amount of shipping at present *employed* is, probably, less than it was two years since. A vast quantity now lies idle in the ports of California, and it is to replace it that ships are now being built.† How far the immigration

* Average of last two years only 71,000.

† The reason for now building ships may be found in the fact stated in the following paragraph, which I take from one of the papers of the day:—

"It is a remarkable fact, that of all the ships arrived in the bay of San Francisco from

of the ensuing year is likely to afford inducements for increasing our tonnage may be judged from the following comparative view of the arrivals at New York in the last four months of the two past years, as compared with the present one, furnished by the Commissioners of Immigration :—

September, October, November, and December,	1847.	1848.	1849.
	44,137	61,310	48,715

Instead of an increase of about forty per cent., there is a diminution of above twenty per cent.; and that this decrease must go on, will be obvious from the facts contained in the following paragraph, which I take from the *New York Herald* :—

"EMIGRATION TO EUROPE.—The fine and well-tried packet-ship, Ashburton, sailed yesterday for Liverpool, having on board 104 passengers, who having taken a glimpse at 'the land of liberty,' and not finding it the El Dorado they expected, came to the conclusion of returning homeward. They were principally natives of Ireland. The Jamestown and Constellation sail to-morrow with similar cargoes."

Every man who thus returns prevents the emigration of a hundred that would otherwise have crossed the Atlantic.

I propose now to show the tendency to DEPOPULATION, as marked by the sale of PUBLIC LANDS, compared with immigration :—

	Land sold. Acres.	Per head of Immigration.		Land sold. Acres.	Per head of Immigration.
1821–29, average,	825,000	69	1843,	1,605,000	21
1830,	1,244,000	46	1844,	1,754,000	23
1831,	1,929,000	83	1845,	1,843,000	18
1832,	2,777,000	61	1846,	2,263,000	15
1833,	2,462,000	44	1847,	2,521,000	11
1834,	4,658,000	70	1848,	2,747,000	13‡
1835–41, average,	7,150,000	105†	1849, not obtained.		‡
1842,	1,129,000	11			

At no period of our history has the process of depopulation proceeded with the vigour that is now manifested. Emigrants from Europe are now returning home, disappointed; while the emigration to the West is almost marvellous. The quantity of land sold does not, as I understand, give any clue to the quantity occupied, because of the facilities afforded by the law to squatters.

It is estimated, we are told, that from thirty thousand to fifty thousand have been added to the population of Iowa within *six weeks*, and that, by the close of navigation, the population will have increased one-fourth since the 1st of September. Such is the course of things in regard to all the new States, west and south-west; and, if to this be added the emigration to California, it may be doubted if the population of the old States will be as large at the close of the year as it was at the commencement.

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the Atlantic ports, some of which have been anchored there for near four months, not one is advertised for a return trip home. This, of course, is easily accounted for. There is no freight to come back, but passengers and gold dust, and as these mostly prefer the steamers, the ships have nothing to do but to wait and see what circumstances may do for them. Meanwhile, the absence of so many vessels, and the improbability of an early return, are having a strengthening influence upon home freights. Rates ere long must rapidly advance; and were it spring time now, instead of fall, I think it would be difficult to negotiate engagements at present prices."

A vast amount of capital has been locked up in ships that are idle, and others must now be built to take their place. If they were back again, ship-building would now be entirely suspended.

† To this must be added the occupation of Texas and Oregon.

‡ To these must be added the occupation of California.

PRODUCTION OF FOOD.

The power to supply food to those who come to live amongst us, and also to send it abroad in exchange for other commodities, may be taken as some evidence of the productiveness of labour applied to its cultivation, and I therefore give the following statement of the export and import of wheat and flour, in bushels of the former:—

	Exports.	Imports.	Population by immigration.	Depopulation.	
1821–29, average,	4,400,000		12,000	69	
1830, . .	6,100,000		27,000	46	
1831, .	9,441,000		23,000	83	
1832, . .	4,407,000		45,000	61	
1833, .	4,811,000		56,000	44	
1834, . .	4,113,000		65,000	70	
1835, . .	3,914,000	311,000			
1836, .	2,529,000	650,000	63,000		
1837, . .	1,610,000	4,000,000			
1838, .	2,247,000	927,000		105	Texas and Oregon.
1839, . .	4,712,000				
1840, .	11,198,000		72,000		
1841, . .	8,447,000				
1842, .	7,237,000		88,000	11	
1843, . .	4,519,000			21	
1844, .	7,751,000		74,000	23	
1845, . .	6,365,000		102,000	18	
1846, .	13,061,000		147,000	15	
1847, . .	26,312,000	20,000	234,742	11	Mexico and California.
1848, .	12,631,000	369,000	229,000	13	
1849, . .	9,500,000		299,610		

It is here shown that, notwithstanding the rapid growth of manufactures in the period from 1830 to 1834, the export of food was not only maintained but it increased. The tendency to depopulation had diminished, and the power to obtain iron to assist in the work of cultivation had increased. Thereafter, with the increasing tendency to depopulation, as immigration and manufactures and the power to obtain iron became stationary, the production of food so far diminished that the price rose to such a point as to render it profitable to import it; and it may be doubted if, notwithstanding the increase of numbers, the whole quantity produced between 1835 and 1840 was greater than in the five previous years. From 1843, we find it gradually increasing, notwithstanding the vast amount of labour employed in producing coal, iron, cotton and woollen goods, ships, steamboats, &c. How great was the increase may be seen by the following comparison of the returns under the census of 1840, and the Patent Office estimates for 1847:—

	Wheat.	Barley.	Oats.	Rye.	Buckwh't.	Ind. Corn.	Totals.
1840, . .	84,823,000	4,161,000	123,071,000	18,645,000	7,291,000	377,531,000	615,522,000
1847, . .	114,245,000	5,649,000	167,867,000	29,222,000	11,673,000	539,350,000	867,826,000
Increase,	29,422,000	1,488,000	44,797,000	10,577,000	4,382,000	161,819,000	252,304,000

We have here an increase of no less than 40 per cent. in seven years, during which the increase of population was but 23 per cent. Equally divided among the whole people, there would be 36 bushels per head in the one case, and 42 in the other; and thus we see that the increase in the facility of obtaining the machinery of cultivation is attended by increase in the product of cultivation; while increase in the power to produce cotton and woollen cloth enables the farmer to obtain for each bushel produced a larger amount of clothing than before.

The net export is as follows, per head of the population:—

1821 to 1829,	·39	1834,	·29	1845,	·38
1830,	·47	1835 to 1841,	·25	1846,	·65
1831,	·71	1842–3,	·31	1847,	1·28
1832,	·32	1844,	·41	1848,	·60
1833,	·35			1849,	·45

We see, thus, that with the exception of the year of the famine in Ireland, it has never reached a bushel per head, and that it has invariably been largest in the periods of protection—those periods in which the largest and most valuable home freights could be obtained. With the approach to free trade the power to maintain trade has diminished; and as we have receded from it and have approached protection, it has increased with the growth of immigration.

The effect of this is seen in the constantly increasing quantity of Canadian produce that passes through New York on the way to England. It is stated that while in 1848 only 50,000 barrels of Canadian flour passed through New York, the quantity in 1849 that came through by the single route of Oswego was 200,000 barrels, and that there were, in addition, 623,000 bushels of wheat. This, being of foreign production, has, of course, to be deducted from the amount of exports; but if the import of MEN should diminish, freights outward must rise, and the tendency to send flour or wheat to market through the ports of the Union will pass away.

What was, prior to the census of 1840, the production of grain, it is not now possible to ascertain; but we know that, in the period from 1830 to 1834, prices were moderate and consumption was large. It is not probable that it was as much per head as was given by the census for 1840, because the increased facilities of transportation in the latter period enabled the farmer to give more of his labour to cultivation. If it be taken at thirty bushels per head, it will probably not vary greatly from the truth. In the following period, production was so small that prices rose to a point that permitted importation from Europe; and the advance so far exceeded that of wages as to cause almost universal disturbance between employers and workmen. It may be doubted if it then exceeded twenty-five bushels per head. By degrees, the tendency to depopulation diminished; and, in 1840, we find it thirty-six bushels, to rise to forty-two in 1847. The same causes that diminished production in 1836 are now again at work. Immense numbers of people are in motion changing their places of labour; and those that have gone to California, New Mexico, the Salt Lake, &c., can scarcely be taken at less than a hundred thousand. These men are not now producers; and thus, while we have this year added to our population 280,000 persons from abroad requiring to be fed, we have exported great numbers who have not only ceased to be producers, but have taken with them vast quantities of food. It may fairly be doubted if the product of this year, per head, exceeds thirty-eight to forty bushels; and hence it is, in part, that the prices are even thus far maintained. Nevertheless, there is a gradual tendency to a fall of prices, showing a power of consumption diminishing in a greater ratio than that of production.

That the power to obtain food in return to labour diminished greatly between 1835 and 1839 must be within the recollection of all who were familiar with the events of that period. Never has there been experienced in this country so much anxiety relative to the result of the harvest as was felt in 1838. From that time, the tendency to dispersion diminished; and, in 1839 and 1840, labour commanded good supplies of food, as is obvious from the fact that immigration rose, attaining, in 1841–2, the height of 101,000. The value of labour and food had, however, by that time greatly fallen, and,

in 1842, it fell to a lower point than had been known for twenty years, the consequence of which was, a great diminution in the immigration of the two succeeding years. Thence to 1847, the increase was very rapid; but, in the following year, it became stationary, and is now falling rapidly.

We may now proceed to the next great article of food—

SUGAR.

	Foreign.	Crop of Louisiana.	Total.	Per head
1821 to 1829	57,000,000	45,000,000	102,000.000	9
1830	96,000,000	48,000,000	144,000,000	11
1831	69,000,000	75,000,000	144,000,000	10½
1832	48,000,000	75,000,000	123,000,000	9
1833	97,000,000	70,000,000	167,000,000	12
1834	115,000,000	75,000,000	190,000,000	13
1835 to 1841, 138,000,000 — ⅕	110,000,000	77,000,000	187,000,000	11½
1842 and 1843	114,000,000	115,000,000	229,000,000	12½
1844	182,000,000	105,000,000	287,000,000	15
1845	114,000,000	200,000,000	314,000,000	16
1846	108,000,000	186,000,000	294,000,000	14¾
1847	232,000,000	146,000,000	372,000,000	18
1848	244,000,000	240,000,000	484,000,000	23
1849	242,000,000	220,000,000	467,000,000	21½

We see here a rapid increase of consumption from 1829 to 1834, and that it then diminished in actual amount until 1844, and that the average of 1846–7 and 1847–8 was but little less than double that of 1842–3. The power to consume foreign sugar has kept steady pace with the increase in the home supply, giving a total consumption for the year 1847–8 exceeding, by more than 150 per cent., that of the period from 1821 to 1829, and almost double that of 1842 and 1843.

The power of producing food thus kept pace with the power to apply labour and capital to the conversion of food and other raw materials into iron, cloth, and other commodities requisite for the use of man; and thus both kept pace with the tendency to the concentration of population. With every increase in the power of production, consumption grew, and the labourer received larger returns for his labour, producing a tendency to immigration. With every diminution in the power of production, the power to pay for foreign commodities diminished, and hence it was that the early years of the approach to freedom of trade were signalized by the creation of a vast debt, the interest on which has now to be paid.

INTERNAL COMMERCE.

We may now examine how far the power to maintain internal trade waxed or waned with the increased or diminished power of production, for which purpose, I give the TOLLS on the three principal routes between the east and west, and the TONNAGE that passed through the Louisville and Portland Canal. In examining them it will be proper to bear in mind that the receipts from immigrants from Europe, in the last two years, have been prodigious, notwithstanding which there has been a large decrease in the two from which I have been able to obtain complete returns. It follows, of course, that the receipts from merchandise have greatly diminished in their ratio to population. Should immigration continue to fall off, the deficiency in the receipts from these works will become of serious importance to the treasuries of both New York and Pennsylvania.

TOLLS.

	New York Canal.	Per 1000 of population.	Baltimore and Ohio Railroad.	Per 1000 of population.	Penn. Canals.	P. 1000 of population.	Ton'ge, L. & P. Canal
1826,	$844,000	$73					
1827,	880,000	74					
1828,	829,000	68					
1829,	815,000	65					
1830,	1,042,000	81					
1831,	748,000	56	$31,000				76,000
1832,	1,112,000	81	137,000	9·9			70,000
1833,	1,388,000	98	196,000	13·9	148,000	10·5	170,000
1834,	1,381,000	95	205,000	14·1	306,000	21·1	162,000
1835,	1,482,000	99	263,000	17·6	679,000	45·4	200,000
1836–41	1,655,000	102	349,000	21·5	1,020,000	60·7	223,000
1842,	1,749,000	97	426,000	23·6	903,000	50·0	172,000
1843,	2,081,000	112	575,000	31·0	1,014,000	55·0	232,000
1844,	2,446,000	128	658,000	34·6	1,164,000	61·5	304,000
1845,	2,646,000	135	718,000	37·7	1,154,000	59·1	318,000
1846,	2,756,000	138	881,000	44·0	1,357,000	68·0	341,000
1847,	3,635,000	177	1,101,000	54·0	1,587,000	78	307,000
1848,	3,252,000	155	1,213,000	60·0	1,550,000	73·3	341,000
1849,	3,266,000	150	1,241,000	57·2	1,580,000	72·4	

The LAKE TONNAGE in 1834 was . . . . . 28,521 tons.
In 1841 it had risen to only 56,252
1846 it was 106,836
1847, ... 139,399
1848, ... 166,400

We thus see while it increased but 28,000 tons in the first period of seven years, it has gained 110,000 in the last, and nearly all of this since 1843. At the present time there is no tendency to increase. The great support of this trade is found in the transport of immigrants, and any diminution therein must be followed by a diminution in the tonnage.

In 1842, the STEAMBOAT TONNAGE on the western rivers was but 126,278, and the tendency was downward, as the business was very small, as may be seen from the number of trips made by certain boats:—

	Boats.	Trips.		Boats.	Trips.
1839, . . .	35 . .	141	1841, . . .	32 . .	162
1840, . . .	28 . .	147	1842, . . .	29 . .	88

In 1846, only four years afterwards, it had almost doubled, the amount being 249,055. In the two succeeding years it increased rapidly, as may be seen by the following statement of boats built at Cincinnati:—

1845–6, 5657 tons. | 1846–7, 8268 tons. | 1847–8, 10,232 tons.

In the last year the tendency has been downward; the boats built being only 7281 tons; and the number of arrivals being only 3239, against 4007 in the previous year.

We thus meet everywhere the same results. From 1835 to 1843, scarcely any increase; but from that date every thing starts into life and grows with rapidity. Arrived at 1848 and 1849, all tends downwards, notwithstanding the great increase of population.

TRADE OF NEW ORLEANS.

The value of the principal products of the interior received at New Orleans, from 1841–2, to the present time, has been as follows:—

	Total.		Total.
1841–2,	$45,716,045	1845–6,	$77,193,464
1842–3,	53,782,084	1846–7,	90,033,000
1843–4,	60,094,716	1847–8,	70,779,000
1844–5,	57,166,122	1848–9,	81,889,000

The value doubled in six years, but it is now falling, notwithstanding the large increase of western population in the last two years.

NEW YORK

Being the place supposed to be most benefited by perfect freedom of trade, we may profit by an examination into the effect of the various systems, as exhibited in the number of houses built in that city, as compared with the population of the country, of which it is the commercial capital. The earliest account I have been able to obtain is that of 1834:—

	Houses built.	Per million of population.		Houses built.	Per million of population.
1834,	877	60	1845,	1980	101
1835–41, average,	943*	58	1846,	1910	95
1842,	912	50	1847,	1823	90
1843,	1273	69	1848,	1191	60
1844,	1210	64	1849,	1496	68

The rapid extension of Brooklyn has been since 1842. Had it been possible to obtain a similar account of that city, which is but a suburb of New York, the difference would have been much more striking. We have here, however, all that is needed to show that houses in New York grew with the growth of factories and furnaces, and diminished, as they now diminish, with the cessation of their operations.

PHILADELPHIA.

It is deemed desirable to give the movement of PHILADELPHIA as the distributor of a large portion of the coal and iron of the Union, and as the centre of an important portion of the commerce between the East and the West; but it is impossible to obtain the number of houses built, because of no such record having been preserved, by several of the districts, until quite recently, and to give the movement of the population in the several periods, it is necessary to take the returns under the State censuses, which are septennial, and those made under the authority of the federal government, which are decennial. The former returns give only the number of taxables, but by multiplying them by five the population was always found to be nearly obtained, and I have done so throughout, although it is said that the proportion of non-taxables has within a few years so far increased as to make it necessary to multiply by five and a half. How far that is the case will be determined by the census of next year.

		Taxables.	Population.	Per cent. per annum.	Ratio to population of the Union, in thousands to millions.
1821.	State census	27,892	139,460		15·3
1828.	"	37,313	186,565	increase 4·9	15·2
1830.	U. S. "		188,958	" ·6	14·6
1835.	State "	49,847	249,235	" 6·6	16·7
1840.	U. S. "		258,000	" ·8	15·1
1842.	State "	51,063	255,315	decrease ·5	14·1
1849.	" "	77,285	386,425	increase 7·4	17·7

* Of these the number built in 1835 and 1836, before the Compromise began to have much effect, was greater than in any three of the other years.

It appears obvious that the productive power of the country diminished from 1835 to 1841, and still more rapidly in the two following years; and therefore it was that the power to pay for foreign commodities diminished so much that consumption could be maintained only by obtaining goods on credit, to be paid for at some future time, and bearing interest until paid. The following table will show the VALUE OF EXPORTS, being the amount of merchandise received from abroad in payment for merchandise and freights.

	Value of exports, per head.	Debt contracted.	Debt paid off.
1821, to 1829, aver.,	$5	*	
1830,	4·32		
1831,	6·10		
1832,	5·51		
1833,	6·20		
1834,	7·08		
1835 to 1841, aver.,	6·02	$170,000,000	
1842–3,	4·48	Interest unpaid.	
1844,	5·03		Interest.
1845,	5·16		
1846,	5·75		$5,000,000
1847,	7		5,000,000
1848,	5·88	8,000,000	
1849,	5·19	22,000,000	

With each step in the diminution of the power to produce, there is diminished power of purchase, and hence the necessity for obtaining goods on credit. So it was from 1835 to 1841, and the result was almost universal bankruptcy. So is it at present, and the goal towards which we are moving would seem to be the same. The amount now required for the payment of interest is about $14,000,000 per annum, being $2,000,000 more than was required for the same purpose two years since.

In the following table are given two species of articles, of one of which (flax) a large part was freed from duty by the Compromise tariff, and so continued until September, 1841, while the other was subject to the same provisions as manufactures of other kinds. It will be seen how small is the difference of movement, proving that the amount of importation depends upon the *power* to import, and is but slightly affected by the question of duty.

	Manufactures of flax.	Per head.	China and earthenware.	Per head.
Sept. 30, 1821–29, average,	$3,333,000	29	$1,160,000	10
" " 1830,	3,011,000	23½	1,259,000	10
" " 1831,	3,790,000	28½	1,624,000	12½
" " 1832,	4,073,000	30	2,024,000	15
" " 1833,	3,132,000	22	1,818,000	13
" " 1834,	5,485,000	38	1,591,000	11
" " 1835–41,	$6,350,000—⅕=5,080,000	31	1,950,000—⅕=1,560,000	9½
" " 1842 to June 30, 1843, average,	2,900,000	15½	1,300,000	7
" " 1844,	4,492,000	23½	1,632,000	8½
" " 1845,	4,923,000	25	2,166,000	11
" " 1846,	4,972,000	25	2,201,000	11⅓
" " 1847,	5,152,000	25	2,320,000	11
" " 1848,	$6,600,000—⅛=5,660,000	27	2,600,000—⅛=2,228,000	10
" " 1849,	5,700,000—⅙=4,750,000	22	2,231,000—⅙=1,860,000	8½

* In 1829, the debt of the Federal Government was $58,000,000. In the year 1833–4, it was reduced to $4,000,000, and in the following year to $37,000. As much of this was held abroad, the amount paid off in this period was probably equal to that of States and corporations transmitted abroad at the same time.

We see here the importation of linens increasing under the tariff of 1828, diminishing from 1835 to 1841, and still further diminishing in the closing years of the Compromise tariff. Thenceforward it rises rapidly, notwithstanding the increasing tendency to substitute manufactures of cotton for those of flax.

In regard to China and earthenware, we see the same course of events. The importation rises under the tariff of 1828, diminishes under the Compromise, and still further diminishes in 1842–3, when it begins to rise under the tariff of 1842, but never attains the same height as in the previous period.

FRENCH MERCHANDISE.

		Per head.	
1822 to 1829, average, ...	9,130,000	81	Silks subject to duty.
1830, ...	8,240,000	64	"
1831, ...	14,737,000	1·11	"
1832, ...	12,754,000	92	"
1833, ...	13,962,000	1·00	Silks free.
1834, ...	17,557,000	1·21	"
1835 to 1841, average 25,200,000 — $\frac{1}{5}$,	20,160,000	1·24	"
1842 and 1843, average, . . .	14,500,000	80	Duties reimposed.
1844, ...	17,952,000	94	"
1845, ...	22,069,000	1·13	"
1846, ...	21,600,000	1·08	"
1847, ...	24,900,000	1·21	"
1848, . . . 28,000,000 — $\frac{1}{4}$,	24,000,000	1·14	"
1849, 23,233,000 — $\frac{1}{4}$,	19,360,000	90	"

We have here the same results as elsewhere. The commodities we receive from France are almost altogether articles of luxury. In the period between 1829 and 1834, there is a gradual increase, until, in 1834, the consumption exceeds by fifty per cent. the average from 1821 to 1829. Thenceforward the amount remains almost precisely the same until we reach 1841. In the period ending June 30, 1843, it falls to the level of fifteen years before. In the following year, it begins to rise, and, by 1847, attains the level of 1834. In 1848 it falls to $1·14. In 1849, the amount, *paid for*, falls almost to the level of 1842–3.

The remarkable part of this table is, the small increase produced by the abolition of duty upon silks, and the fact that the import rapidly increased after the duties had been reimposed.

TEA AND COFFEE.

The following table represents the quantities of tea and coffee retained for consumption rather than the actual consumption of the respective years, and the great irregularity of amount is more apparent than real. It is here shown, that the average consumption of tea in the years 1833 and 1834, the last two years in which the tariff of 1828 was in activity, was greater than that of the ensuing ten years, and that, notwithstanding the great increase of population, it did not rise above that quantity until 1845. Of coffee the consumption per head was little greater from 1835 to 1841 than the average of 1833-34.

	Tea.	Per head.	Coffee.	Per head.
1821 to 1829, average,	pounds, 6,000,000	·53	pounds, 24,000,000	2·13
1830,	6,800,000	·53	38,300,000	3·00
1831,	4,600,000	·35	75,000,000	5·60
1832,	8,600,000	·63	36,000,000	2·60
1833, (Duty free,)	12,900,000	·91	(Duty free,) 75,000,000	5·30
1834,	13,100,000	90	44,000,000	3·00
1835 to 1841, 12,600,000 — $\frac{1}{5}$,	10,080,000	·62	89,000,000 — $\frac{1}{5}$, 71,200,000	4·40
1842–1843, "	13,000,000	·71	107,000,000	5·60
1844, "	13,000,000	·68	149,000,000	7·85
1845, "	17,100,000	·88	94,000,000	4·82
1846, "	16,800,000	·84	124,000,000	6·20
1847, "	14,200,000	·70	152,000,000	7·25
1848, "	21,000,000	1·00	145,000,000	6·90
1849 "	13,213,000	·61	151,000,000	7·00

The great question to be settled is—"Which is the system under which the labourer is enabled to obtain the largest quantity of food, fuel, clothing, machinery of production and transportation—protection or free trade?" The former is denounced as a "war upon labour and capital," and yet it seems clear that the power to consume all those things for which men are willing to labour, and in the production of which other men are willing to invest capital, was greater under the two protective tariffs than at any other period, and that it is now gradually, but certainly, diminishing. Wages are falling, and the result is, a diminution of immigration, and an increasing tendency to emigration, both accompanied by a decrease of productive power, to be followed by a futher decline of wages, and a further increase of emigration. Shipping has grown with immigration, and freights have fallen, but, with diminution in the former, the latter must rise, and many of the commodities that we have recently exported will have to remain at home, and thus there will be a diminished power of importation, accompanied by a diminution of the public revenue, the improvement of which was one of the objects proposed in the adoption of the policy of 1846. How the different systems have thus far operated upon the receipts from import duties will be seen by an examination of the following table.

CUSTOMS REVENUE,

Derived from the import of Merchandise paid for with our Exports.

			Per head.
1821 to 1829, average,		18,500,000	1·69
1830 to 1834,		24,000,000	1·75
1835 to 1841, average,	$17,170,000		
Less one-fifth, for goods bought in exchange for certificates of debt,	3,404,300		
		13,736,000	0·84½
1842 and 1843,		16,400,000	0·90
1843–4,		26,183,000	1·38
1844–5,		27,528,000	1·41
1845–6,	26,712,000		
Add duty on $5,000,000 of debts redeemed,	1,500,000		
		28,212,000	1·41
1846–7,	23,747,000		
Add duty on $5,000,000 of debts redeemed,	1,500,000		
		25,247,000	1·23
1847–8,	31,757,000		
Deduct duty on the amount of debt created, say $8,000,000,	2,400,000		
		29,357,000	1·40
1848–9,	28,346,000		
Debt created, $22,000,000—duty,	6,600,000		
		21,746,000	1·00

It is here seen, that the importation of duty-paying articles increased so much under the tariff of 1828, that the revenue per head was greater than in the previous period, although the duty on railroad iron and on tea and coffee was abolished in 1832. The case would, however, appear much stronger were allowance made for the movements of specie. The period from 1821 to 1829 was one of great exhaustion, and the exports of specie exceeded the imports by an average of almost one million a year; whereas, the imports of the following period exceeded the exports by an average of five millions a year. The total difference is therefore six millions a year. Had this been imported, as in the previous period, in the form of duty-paying articles, and had the duties on tea and coffee been retained, the revenue would have exceeded two dollars per head.

With the next period, we find a great decrease in the revenue, indicating a diminished power to pay for foreign merchandise, resulting from diminished productiveness in the application of labour at home.

With 1842–3, there is a trifling increase, resulting from the action of the tariff of 1842, which was in operation during the last nine months of this short period.

From June, 1843, to June, 1846, the amount rises to an average of $1·40, and maintains itself during the first three years of the period. The passage of the act of August, 1846, connected with the warehousing system, tended to reduce the amount received into the treasury in the last year of this period.

With 1848, we find the average maintained, without, however, the increase that might naturally have been looked for in consequence of the great demand for breadstuffs, consequent upon the failure of the potato-crop in Ireland.

In the last year (1848–9), being the second in which the tariff of 1846 was in action, the amount of revenue derived from merchandise *paid for by our exports* has greatly declined.

In comparing the receipts under the tariff of 1842 with those of that of 1828, it is necessary to bear in mind, that, in the latter period, before merchandise could be purchased, there was a sum of ten millions of dollars to be provided for payment of interest on the debt incurred in the free trade one. At thirty per cent., that would have given three millions of dollars, or about fifteen cents per head.

The total amount of interest now to be paid is about fourteen millions of dollars, and this claim must be discharged by our exports before merchandise can be purchased: the consequence of which must be, a great deficiency in future revenue.

With these facts before us, we may now examine the different revenue systems that have been presented for consideration and adoption. By the English school it is held that, as cultivation first commences on the richest soils, agricultural labour is then largely paid, and the diversion of any portion of the population to mechanical pursuits is attended with loss. Observation, however, shows that the first cultivator commences, invariably, on the poorer soils, and that the rich lands of river bottoms, the underlying beds of marl, limestone, &c., are only brought into cultivation at a later period. The English school holds that mechanical labour must necessarily, because of the abundance of fertile land and consequent profitable application of labour, be dearer in a new than in an old country, and that competition can be maintained only by aid of laws restricting importation. It holds that double loss results from such restriction, labour being withdrawn from the profitable pursuit of agriculture to be given to the comparatively unprofitable one of converting agricultural products into the

various commodities required for the use of man: also, that these persons, thus unprofitably employed, are maintained out of taxes imposed upon the consumers of their commodities, and that every dollar paid to the government on the import of articles, in part manufactured at home, is accompanied by the payment of five, ten, fifteen, or twenty dollars paid to a selected class, thus living by taxation imposed on their neighbours for their support. This idea may be found fully carried out in a report of the late Secretary of the Treasury, for 1846. It is there shown, that all the coal consumed in the Union costs the consumer $1·60 *more* than it would do under a system of free trade, although the average price of all the coal sold at Pittsburgh, Wilkesbarre, Mauch Chunk and Pottsville did not, at that moment, exceed $1·50.

To relieve the consumer from this double taxation, the English school holds that all duties for revenue should be imposed upon articles that cannot be produced in the country, such as tea, coffee, &c., and that all those that can be produced in it, should be admitted free. Such is the theory that dictated the tariff of 1846, and the subsequent efforts to amend it by the imposition of a duty on tea and coffee.

The other school holds that articles which can be produced at home should be protected, while those which cannot should be admitted free of all duty, and such was the view which prompted the abolition of all duties on tea and coffee, by the act of 1832.

By the working of the two systems, their value is to be judged. In the first eighteen months of the tariff of 1832, tea and coffee were admitted free of duty, with a loss to the revenue of nearly three and a half millions of dollars per annum, to which was to be added a great loss of duty on silks also free; but the protection of manufactures generally was maintained, and the consumption of foreign merchandise liable to duty continued so great, that the revenue increased more rapidly than the population. In the succeeding period, protection gradually diminished, with a certainty of its total disappearance as the Compromise bill should come fully into action, and the productiveness of labour became so far diminished, that the payment into the Treasury for duties on foreign merchandise fell to an average of less than one-half of what it had been from 1829 to 1834.

With the tariff of 1842, it rose gradually, and with a steady upward tendency; while, as that of 1846 comes into operation, there is a movement directly the reverse.

PUBLIC EXPENDITURE.

When men live in connection with each other, they are enabled to protect themselves, and have little need of fleets or armies for their protection. A few officers can then perform the duties incident to the maintenance of government. They then exercise, in a high degree, the power of self-government.

When they are widely separated from each other, they are unable to protect themselves, and have need of fleets and armies for their protection. Many officers are then required for the performance of the duties of government, and the power of self-government is diminished.

With the increase of fleets and armies, and of government officials, the cost of government is increased.

The policy of 1828, and that of 1842, tended, as we have seen, to concentration of population and combination of exertion, and, therefore, to increase in the power of self-government. That of 1833 tended, and that of 1846 tends, as has been seen, to dispersion of population and diminution in the power of combination, and, consequently, to diminution in the power of self-

government. What has been the effect of the two systems on the public expenditure I propose now to show. The true "war upon labour and capital," is that which increases the cost of government, and thus diminishes the power to accumulate capital, to be used in aid of labour. Every step towards diminution in the expenditure for that purpose tends to raise wages; and every one tending towards its increase, tends equally towards diminution in the power of both labourer and capitalist to command the necessaries, conveniences, or luxuries of life.

From 1821 to 1829, the total expenditure of the government, exclusive of payments on account of debts previously existing, was $117,000,000, being an average of $13,000,000

From October, 1829, to October, 1834, the period of the tariff of 1828, the total expenditure, exclusive of such payments, was 84,000,000, being an average of 16,800,000

From October, 1834, to October, 1841, the period of the Compromise, during which we colonized Texas and Oregon, the total expenditure was $223,000,000. In this period there were no payments on account of the old debt, the whole having been extinguished at the close of 1834. The average of this period of dispersion was 31,700,000

From October, 1841, to June 30, 1843, was a period of exhaustion, and the wants of the government were such as precluded expenditure. The average was 20,400,000

That of 1843–4 was 20,600,000

That of 1844–5, ... 21,400,000

With 1845–6, we recommence the system of dispersion. The occupation of Texas had brought with it war with Mexico, and the expenditure rose to 26,800,000

In 1846–7, dispersion increased, and large armies were sent to Mexico for the purpose of compelling the cession of California, the consequence of which was that the expenditure rose to 59,400,000

In 1847–8, it was 45,000,000

And a large amount remained unsettled.

In 1848–9, ... 46,798,000

As a necessary consequence of this system, the public debt, which was extinguished under the system of concentration, grew rapidly under that of dispersion, to be again diminished under that of concentration, and now again increased under that of dispersion.

PUBLIC DEBT.

1821,	$89,987,428		
1829,	58,421,414	Decrease in eight years,	$31,566,014
1834,	4,760,082	" five years,	53,661,332
1834–5,	37,733	Extinguished.	
1841,	6,737,398	Increase in five years,	6,737,398
June 30, 1843,	26,898,958	" two years,	20,161,560
" 1845,	17,093,794	Decrease in two years,	9,805,164
" 1848,	48,526,379	Increase in three years,	31,433,585
" 1849,	64,704,693	" one year,	16,178,314

CREDIT.

With every step in the diminution of debt, credit grows; with every one in the increase thereof, credit diminishes.

The policy of 1828 increased production and raised wages. The power to

pay for foreign commodities was great, and the revenue was large, the consequence of which was the extinction of the public debt, at the close of 1834. Credit was therefore high.

The policy of 1832–3 diminished production and lowered wages. Credit was high, and we obtained cloth and iron in exchange for certificates of debt; the consequence of which was, that, at the close of 1841, the foreign debt was two hundred millions, much of the interest of which we were unable to pay.

Under the Revenue tariff of 1841–2, public and private revenue almost disappeared, and bankruptcy and repudiation were the necessary consequence.

Under the tariff of 1842, production increased and wages rose. The power to pay for foreign commodities increased, public and private revenue grew, and we commenced to diminish our debt, the consequence of which was the perfect re-establishment of credit.

Under the tariff of 1846, production diminishes and wages have fallen. The power to pay for foreign commodities is diminishing, and we are again buying cloth and iron, and settling for them with certificates of debt, the amount of which transmitted to Europe in the two years ending June 30, 1849, is estimated at thirty millions of dollars; all of which we have, in that time eaten and drunk, and used, but have yet to pay for.

With a view to present at a glance the results obtained by this examination of the policy of the Union, I give the following diagrams, in which the movement under the various systems is distinctly shown.

No. I. gives the nine years from 1821 to 1829, when the tariff of 1828 came into operation.

No. II.—The years of the protective tariff of 1828, from 1829 to 1834.

No. III.—Those of the Compromise tariff, from 1834 to 1841. In this case, it will be observed that I have in all cases deducted from the consumption of imported commodities one-fifth, that being the quantity obtained in exchange for certificates of debt.

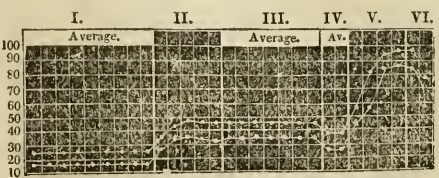
No. IV.—This represents the movement under the strictly revenue clauses of the Compromise tariff. In some cases, as will be seen, one year, and in others two years are included in this period. The returns for coal, railroad and canal tolls, &c., are made from the civil year, whereas those connected with commerce are made for the fiscal year ending June 30. The effect of taking one year, is to throw into No. III., the period of the Compromise, one-half portion of this period, and the other portion into No. V., the period of the tariff of 1842.

No. V.—The tariff of 1842.

No. VI.—That of 1846.

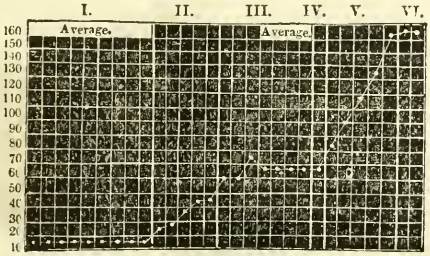
In the diagrams representing the movements of iron, coal, cottons and woollens, the consumption is given in two sets of lines; one representing the domestic products consumed, and the other the total quantity. An examination of them will show, that the amount of consumption is dependent upon that of domestic production, and that any deficiency therein is *never* compensated by increase of importation, as it should be, if the theory were true upon which the tariff of 1846 is based.

CONSUMPTION OF IRON, FOREIGN AND DOMESTIC, *in pounds per head of the population.* (See page 11.)

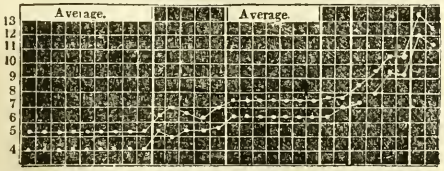


Railroad iron was exempted from duty in the third year of the second period, and from that time consumption ceased to increase.

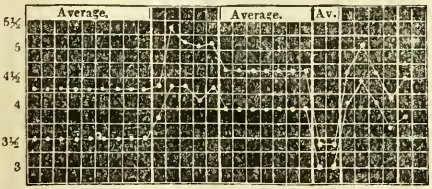
CONSUMPTION OF COAL, FOREIGN AND DOMESTIC, *in tons per thousand of population.* (See page 13.)



CONSUMPTION OF COTTON GOODS, FOREIGN AND DOM. *in pounds per head of the population.* (See page 15).

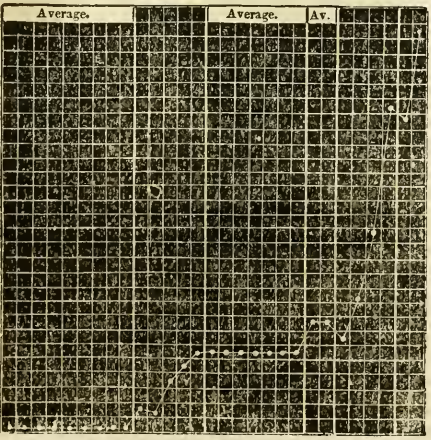


CONSUMPTION OF WOOLLENS, FOREIGN & DOM., *in lbs. per head of population.* (See p. 17.)

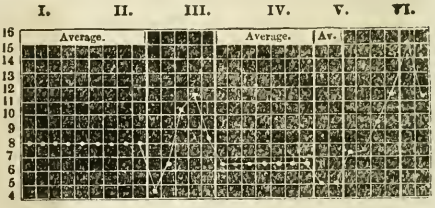


PRODUCTION OF LEAD, *in thousands of pigs.* (See page 18.)

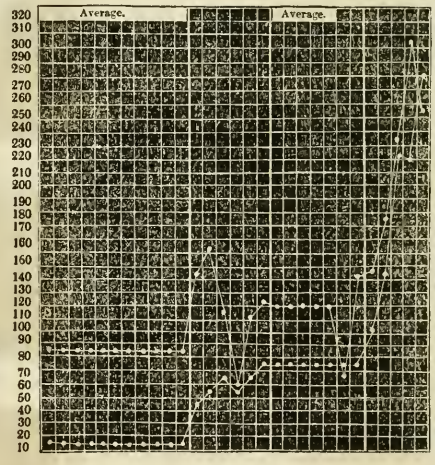
POPULATION, *as shown in the increase of immigration, in thousands.* (See page 18.)



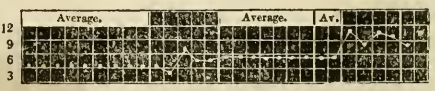
SHIPPING BUILT, *in tons, per thousand of population.* (See page 19.)

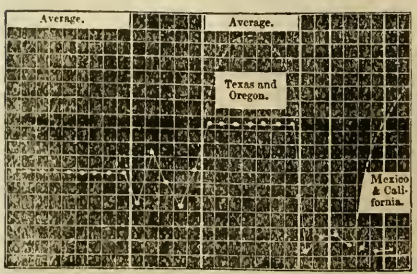


COMPARATIVE VIEW OF THE MOVEMENT OF IMMIGRATION AND SHIPPING, *in thousands.* (See page 19.)



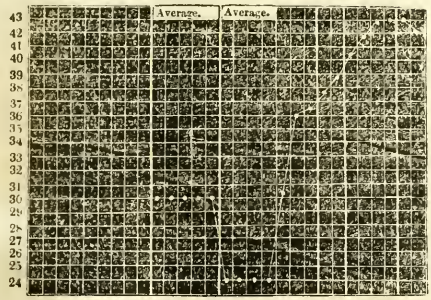
NUMBER OF STEAMERS BUILT, *per million of population.* (See page 19.)



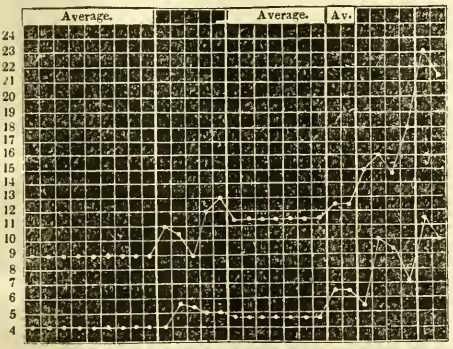


DEPOPULATION, *as shown in the occupation of* PUBLIC LANDS, *as compared with immigration.* (See page 20.)

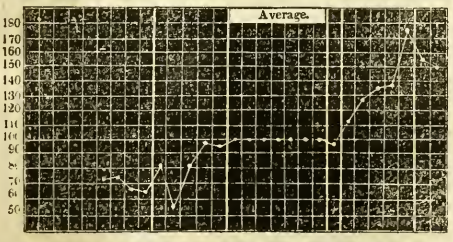
PRODUCTION OF GRAIN, *in bushels per head of population.* (See page 21.)



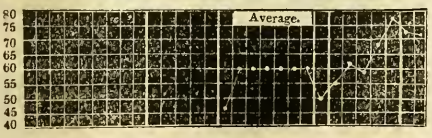
PRODUCTION AND CONSUMPTION OF SUGAR, FOREIGN AND DOMESTIC, *in pounds per head of population.* (See page 23.)



TOLLS ON THE NEW YORK CANALS*in dollars per thousand of population.* (See page 24.)

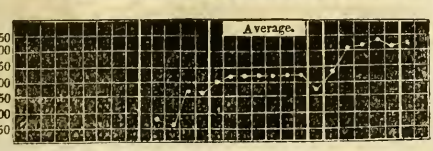


TOLLS ON PENNSYLVANIA PUBLIC WORKS, *in dollars per thousand of population.* (See page 24.)

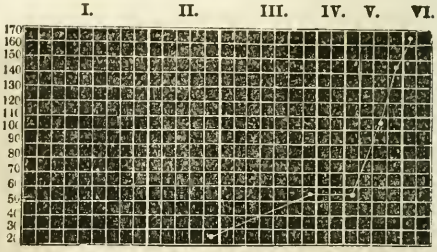


TOLLS ON BALTIMORE AND OHIO RAILROAD, *in dollars per thousand of population.* (See page 24.)

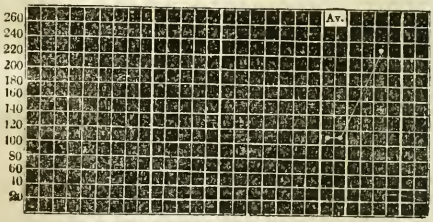
TRADE ON LOUISVILLE AND PORTLAND CANAL, *in thousands of tons* (See page 24.)



LAKE TONNAGE, *in thousands of tons.* (See page 24.)



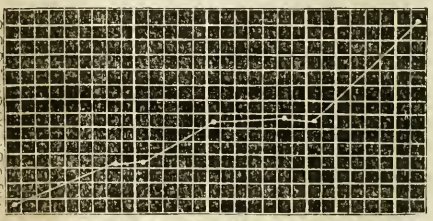
WESTERN STEAMBOAT TONNAGE, *in thousands of tons.* (See page 24.)



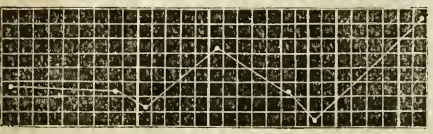
VALUE OF PRODUCE RECEIVED AT NEW ORLEANS, *in millions of dollars.* (See page 25.)

HOUSES BUILT IN NEW YORK, *per million of population.* (See page 25.)

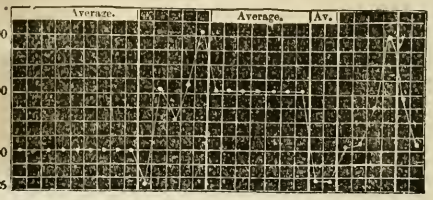
POPULATION OF PHILADELPHIA, *in thousands.*

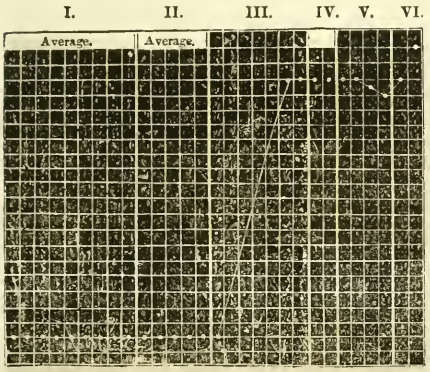


RATIO OF PHILADELPHIA TO THE POPULATION OF THE UNION, *in thousands to millions.* (See page 25.)



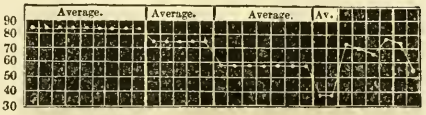
VALUE OF EXPORTS, *per head of population in dollars.* (See page 25.)





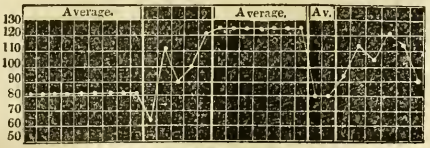
FOREIGN DEBT, *in millions of dollars.* (See page 25.)

IMPORTS OF FOREIGN WOOLLENS, *paid for by our exports, in cents per head of the population.* (See page 16.)



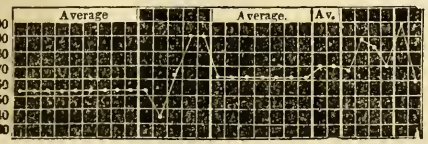
IMPORTS OF FOREIGN COTTON GOODS, *paid for by our exports, in cents per head of the population.* (See page 15.)

Of the four next following, the first two, French Merchandise and Manufactures of flax, were in a great degree freed from duty in 1832, silks and linens being declared absolutely free. The duty was reimposed in 1841. The others, Tea and Coffee, were free from duty in 1832, and so remain. The first two are given chiefly for the purpose of showing how small is the increase of consumption consequent upon a remission of duty, compared with that which, in every case, we have seen to follow the production of a commodity at home.

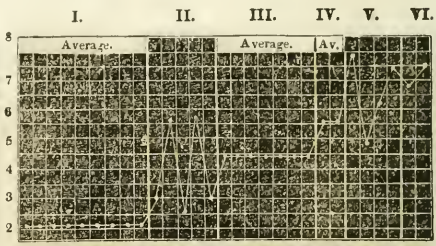


FRENCH MERCHANDISE, *paid for in cents per head of the population.* (See page 26.)

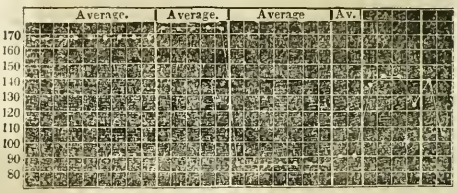
MANUFACTURES OF FLAX, *in cents per head of the population.* (See page 26.)



CONSUMPTION OF TEA, *in hundredths of pounds per head of the population.* (See page 27.)

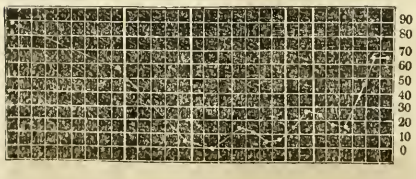


CONSUMPTION OF COFFEE, *in pounds per head of the population.* (See page 27.)

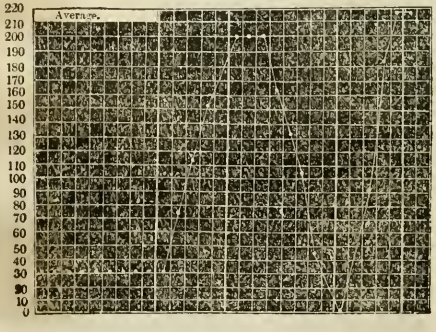


REVENUE FROM CUSTOMS, *in cents per head of the population.* (See page 28.)

PUBLIC EXPENDITURE, *in millions of dollars.* (See page 30.)

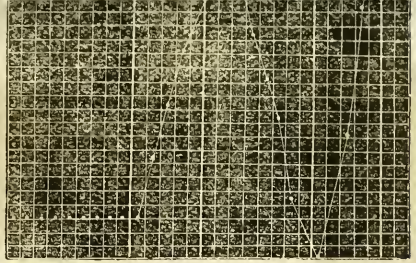


PUBLIC DEBT, *in millions of dollars.* (See page 31.)



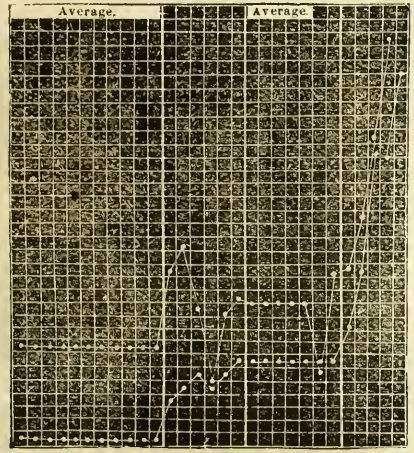
NATIONAL CREDIT, *in millions of dollars.* (See page 31.)

NATIONAL

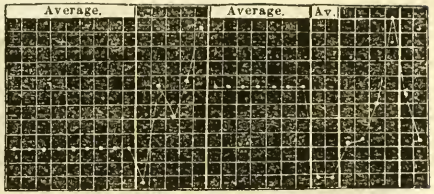


CREDIT.

SHIPPING AND IMMIGRATION.



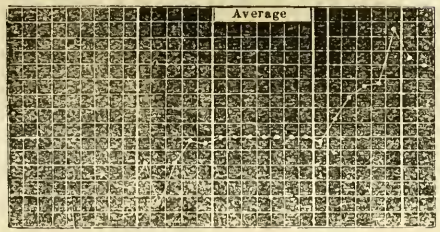
POWER TO MAINTAIN EXTERNAL COMMERCE.



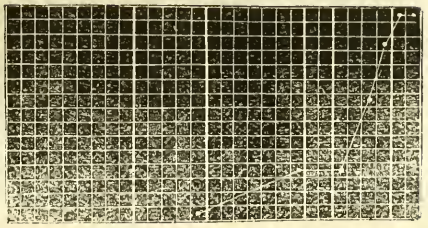
VALUE OF EXPORTS.

GROWTH OF NEW YORK.

TOLLS ON NEW YORK CANALS.

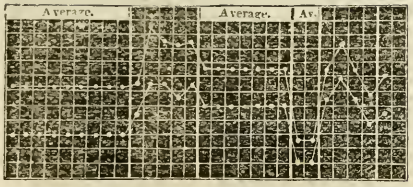


POWER TO MAINTAIN INTERNAL COMMERCE.

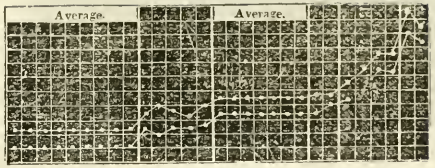


LAKE SHIPPING.

Woollens.

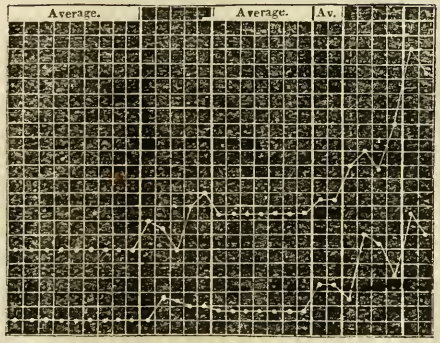


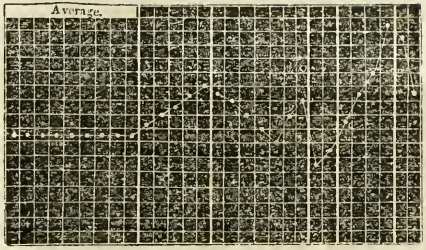
Power to obtain Food and Clothing in exchange for Labour.



Cottons.

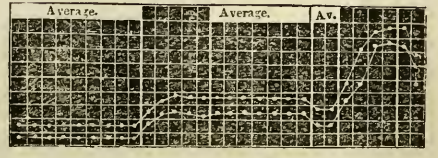
Sugar.



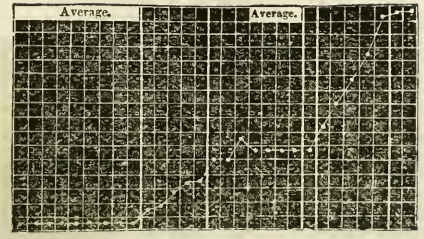


Grain.

Iron.



Power to obtain Machinery in aid of Labour.



Coal

CHAPTER FOURTH.

HOW PROTECTION TENDS TO INCREASE PRODUCTION AND CONSUMPTION.

Two systems are before the world: on the one hand, that which is denominated protection, and on the other that which is denominated free-trade. Each claims to be the one under which the labourer receives the largest reward for his exertions, and it is for the purpose of testing the validity of those claims that I have given the numerous tables contained in the last chapter, by aid of which I now propose to examine this question in its bearings on the various portions of society. It is the great one for the Union, for *in it are included all others*. The discord now existing between the North and the South has its origin in the diminished value of the returns to slave labour. If it can be shown that by one and the same system the interests of the North and the South, the free and the enslaved, can be promoted, harmony may take the place of discord. The differences in regard to internal improvements by aid of the general government have their origin in a necessity for scattering ourselves prematurely over large surfaces. If it can be shown that by one and the same system the North, the South, the East, and the West, can be enriched, and all enabled to make roads for themselves, harmony may be restored. The discords so frequently existing between the employer and the employed, the capitalist and the labourer, the banker and his customers, may all, as I think, be traced to one and the same cause, and if that can be removed, harmony and good feeling may be restored and maintained. Every question affecting the peace and tranquillity of the Union, or the people of the Union, will be settled whenever we shall have determined for ourselves the one great question—"Which is the system under which the labourer obtains the largest reward for his labour?" When that shall come to be done, it will be seen that there is a perfect harmony of interests throughout the Union, and among all its people.

Before proceeding further, I would urge upon the reader a careful examination of those tables, bearing always in mind the precise position of the question that is to be discussed. It is *admitted* by all that protection tends to increase the domestic production of the commodity protected. That, therefore, does not require to be proved. It is *asserted* that protection tends to raise the price of the protected article and to diminish the power of consuming it, whereas the removal of protection diminishes its cost and increases the power of consumption. That is denied, and *that it is which requires to be proved*. If this assertion be true, then the power of consumption must diminish with protection. We see, however, that the consumption of iron, of coal, of cotton, and of wool, increased with great rapidity in the years between 1830 and 1834, and in those from 1843 to 1847. If it be true, the quantity of men and things passing on the roads and canals, and the number of exchanges to be performed in our cities, should diminish with protection,

whereas they increased with great rapidity in both of the above-named periods. If it be true, then it must reduce the wages of labour, and thus diminish the inducements for foreigners to come among us and occupy our vacant lands, whereas immigration increased with great rapidity under both protective tariffs. If it be true, then it must diminish our power to trade with foreign nations, and the inducements to build ships, whereas shipping grew with great rapidity in both those periods.

If, now, we examine the period between 1834 and 1843, it is impossible to avoid being struck with the fact that the power to consume foreign products not only did not increase as domestic production diminished with the approach to free trade, but that it was actually less in quantity than under the system of protection. The building of furnaces and rolling-mills was stopped, yet we consumed less foreign iron than before. So was it with cotton goods, the import of which fell from above *fifty* millions of yards down to *eight* millions. We killed off our sheep, but the importation of foreign cloth diminished. We prevented increase in the domestic consumption of cotton, but shipping did not grow with the increased necessity for depending on foreign markets. We adopted a course that we were assured would raise the wages of labour, but immigration ceased to grow. So is it now. The building of cotton-mills is stopped, but our whole import of last year, in which we incurred a debt of twenty-two millioms, but little exceeded a pound per head. We have closed furnaces and rolling-mills, but we consume far less iron than before. We have abolished the system that was regarded as "a war upon labour and capital," yet immigration is diminishing and there is no demand for capital. Steam-engines are idle, and there is no demand for new ones, except for a few steam-vessels. Railroad tolls are diminishing, and steamboats on the Western waters are idle. Iron is low in price, but it is not wanted. So is coal. So are cottons and woollens. So is almost every description of merchandise. The power of consumption is diminishing, because the demand for labour and capital has largely diminished.

The power of the people to pay taxes for the support of government is dependent upon their power to consume commodities that are taxed, and if protection diminished wages, it must of course diminish revenue; but when we examine the facts, it is shown that, notwithstanding a great increase of the free-list, the revenue increased under the tariff of 1828, and fell off so much afterwards that the government was compelled almost to beg for loans in the markets of Europe. With the tariff of 1842 it grew rapidly, but with that of 1846 it is diminishing in actual amount per head, notwithstanding the purchase of more than twenty millions of goods on credit in a single year. If that debt were now called for, the revenue of the current year would not exceed that of 1842.

The question to be settled is—"Does the power to import grow with the diminution in the power to produce that follows the withdrawal of protection?" If it does, the facts must prove it. There is no question that the power to produce iron and cloth grows with protection. That is, as I have already said, admitted by all. Were it not, the facts prove it. The burden of proof lies, then, with the opponents of protection. To establish their system they must show that the power of production and consumption grows now as it grew three years since, and that it grew from 1835 to 1843 as it grew from 1830 to 1834.

The first thing that must strike all who examine the tables in the last chapter is the unive sally diminutive amount of foreign products received in exchange for the vast bulk of cotton, grain, provisions, &c., sent to foreign countries. Thus in 1842–'43 the import of cotton cloth was much less than a yard per head of the population, and less probably than one-fourth of a

pound of cotton. In other years we see that it has varied from two to four yards, but in no single year has our consumption of cotton that has passed through foreign looms materially exceeded a pound per head.

The returns from Europe received for all our products may be summed up nearly as follows: fifty cents' worth of iron, half a pound of wool, about as much flax, one or two ounces of silk, and China and earthenware equivalent to a tolerable cup and saucer, to which may be added the *twisting and weaving* of a pound and a half of cotton, per head. To obtain all this we give a large portion of the land and labour of the cotton-growing States, and of those employed in raising tobacco and rice, together with as much food as would feed men, women, and children who could twist and weave five times the cotton, wool, silk, and flax we import, and the use of more capital in horses, wagons, railroads, engines and cars, steam and canal boats, ships, wharves and warehouses, than would be necessary for machinery to convert all our cotton into cloth, and make more iron than has ever been made in Britain, and almost as much labour as would do the work—*and withal, we are brought in debt.* It is certainly using great means for the accomplishment of small ends.

Every portion of the tables tends to prove that while the amount of foreign commodities received in payment for our exports increased in the period from 1829 to 1834, it diminished in that from 1835 to 1841—still further diminished in the years 1842 and 1843, and then rose rapidly from 1844 to 1847, since which time it has declined. These facts seem to warrant the conclusion that the ability to consume foreign products, by both labourer and capitalist, increased under the two tariffs of protection, and declined with every approach to free trade. If, now, we desire to understand how such should be the case, it may be useful to examine how it is with individuals, and, doing so, we shall find that the man who produces most largely of the articles of prime necessity is always the one who can indulge most freely in the luxuries of life; and *vice versa*, that the farmer who obtains from his land the least food, is the one who can least indulge in clothing, coffee, tea, or books.

What is further to be remarked is, that any material increase in the consumption of foreign products, consequent upon the approach to freedom of trade, has appeared to be followed by exhaustion and bankruptcy, while every increase in production at home, consequent upon protection, has been but the preparation for a new and larger increase—sometimes so great as to cause a feeling of apprehension that it was unnatural, and could not be maintained. To what extent this could be carried has never been ascertained, for the only two periods of perfect protection have each been limited to four years. To understand the cause of this, it would be well for the inquirer to examine for himself the facts that become obvious to sight, whenever and wherever a factory or furnace has recently been set in operation. Those presented at Graniteville, S. C., are thus described by a highly intelligent correspondent of "The New York Herald:"—

"The effect of the erection of this manufactory in the neighbourhood is almost magical. Hundreds have found employment among the poor of the white inhabitants, who were, before, almost destitute. A Methodist and a Baptist church have been erected. A free school has been opened, and about 70 pupils attend. There is a large and convenient hotel, where I am writing this letter. The town is laid out in streets, and already over 80 dwelling-houses, very neat and comfortable, with gardens attached, have been put up, which rent from $16 to $25 per annum. The girls in the factory are, some of them, very pretty, and are well dressed; and, from what I can learn, the change in their appearance is extraordinary. The superintendent, Mr. George Kelly, who came out here and placed the factory in operation, went with me through the manufactory and town. He informed me that he only brought with him four or five experienced persons from the

North—all the rest in the factory, about 300, men, women, and children, are from the Sand Hills and immediate vicinity, where they, one year ago, were earning nothing. They make now from four to five dollars, (males,) females from three to four dollars, and children one to two dollars per week. Some of the girls, who are now well dressed and appear very intelligent, a year ago were at work in the field, hoeing corn, or ploughing with a horse; others were idle; now they reside in comfortable boarding-houses, where they pay $1·50 per week for board, and can lay up money. Their education is attended to, and they are on the road to become useful and productive citizens. In fact, since Christmas, over forty marriages have taken place between the young male and female operatives in the factory. They were brought together in it, became attached, and got married. In such a case, the wife generally leaves the factory to attend to the housekeeping arrangements of the new couple, and the husband continues in the factory, which gives them an independent support.

"The grounds around the factory are laid out with a great deal of taste, and I have not seen, in a long while, a more prosperous and thriving place. New houses are going up every week. The applications for work are double what they can possibly employ. They could obtain, in the district, 400 male and female operators, who are without any work, if they could give them employment."

The following account by Mr. Bryant, Editor of "The Evening Post," is descriptive of facts presented by a mill recently erected in Barnwell District, S. C.:—

"The girls of various ages, who are employed at the spindles, had, for the most part, a sallow, sickly complexion, and in many of their faces I remarked that look of mingled distrust and dejection which often accompanies the condition of extreme, hopeless poverty. 'These poor girls,' said one of our party, 'think themselves extremely fortunate to be employed here, and accept work gladly. They come from the most barren parts of Carolina and Georgia, where their families live wretchedly, for hitherto there has been no manual occupation provided for them, from which they do not shrink as disgraceful, on account of its being the occupation of slaves. In these factories, negroes are not employed as operatives, and this gives the calling of the factory girl a certain dignity. You would be surprised to see the change which a short time effects in these poor people. They come bare-footed, dirty, and in rags; they are scoured, put into shoes and stockings, set at work, and sent regularly to Sunday-school, where they are taught what none of them have been taught before—to read and write. In a short time, they become expert at their work; they lose their sullen shyness, and their physiognomy becomes comparatively open and cheerful. Their families are relieved from the temptations to theft and other shameful courses which accompany the condition of poverty without occupation.'"

He adds that "at Graniteville, in South Carolina, about ten miles from the Savannah river, a little manufacturing village has lately been built up, where the families of the *crackers*, as they are called, reclaimed from their idle lives in the woods, are settled and white labour only is employed. The enterprise is said to be in a most prosperous condition."

"The buildings are erected here more cheaply," he continued; "there is far less expense in fuel, and the wages of the work-people are less. At first, the boys and girls of the 'cracker' families were engaged for little more than their board; their wages are now better, but they are still low. I am about to go to the North, and I shall do my best to persuade some of my friends, who have been almost ruined by this Southern competition, to come to Augusta and set up cotton mills."

The labour employed in building these mills was clear profit. The men and their families were there, and they had to be supported by somebody, whether they worked or not. All the labour employed in working the mills is profit. The people have begun to produce. From unproductive consumers they have become productive consumers. In their former condition they could consume scarcely any clothing, or utensils requiring iron for their manufacture, or furniture, or books, or newspapers—scarcely any thing, indeed, but food. Having become productive, *the whole surplus* may go to the purchase of other things than food, and thus is made a market for cloth and iron and other commodities, that before had no existence. *Every producer is a consumer to the whole extent of his production*, and by enabling these poor people to produce more, the planter

makes a market on the land for the products of the land, to the extent of the whole excess of production. The more that is produced, the more *must* be consumed.

This assertion may at first appear to be one of doubtful truth, yet a little examination will, I think, suffice to establish its perfect correctness. The man who earns six dollars a week, lays by one of them, which he carries to the saving-fund, which lends it and other similar dollars to some one who desires to build a house. He pays it out to workmen who purchase with it food and clothing, and thus is that surplus dollar consumed. The capitalist, with his savings, builds houses, or ships, or factories, and the workmen whom he employs purchase food and clothing, and the use of houses, with his money. The average consumption of a year always is *and must be* equal to the average production, and if we desire to know the extent of the one we have but to ascertain that of the other.

In 1839 we imported forty-three millions of yards of cotton cloths of various kinds, the consumers of which were customers to the planter to the extent of eleven millions of pounds of cotton, or less than 28,000 bales, being as much as would be worked up by twenty-eight mills of moderate size, or fourteen of larger size. To produce those mills in any single cotton-growing State would require no effort whatsoever, and when produced it would be found that they would be all profit, for it would be attended with not the slightest diminution in the amount of agricultural production. The labourers are there, and a large portion of their time is absolutely waste. The horses and wagons are there, to a great extent unemployed. The timber is there, encumbering the best lands of the plantation. The men and the horses must be fed, and the wagons must be kept in order. Make a market for this waste labour, and the labourers will consume more food, but the chief increase of expenditures will be in clothing, thus making a market for cotton—in houses, making a market for stone and lumber—in furniture, for which lumber will be required—in books and newspapers, making a market for rags—and the cloth-makers, and carpenters, and masons, and cabinet-makers, and paper-makers, and printers, will want cloth, and shoes, and houses, making a further market for cotton and leather, and lumber and stone. Exchanging thus on the spot, each and every man would be a producer, whereas when exchanges are made at great distances, the transporters and exchangers are more numerous than the producers, and as consumption *must* go to the extent of production, and *can* go no further, we may now see why it is that consumption tends to increase so rapidly when men work in combination with each other.

In four years we erected mills that worked up 300,000 bales of cotton, or eleven times as much as was contained in all the cloth imported in 1839. To have created treble that number would have required no effort, nor would it have been attended with any loss of agricultural products, for the labour was being wasted in every county of the South and West: and to carry them on would now be attended with no diminution in the product of food or cotton, for treble the labour required for a factory is now being wasted in almost every county of the Union, and in *every one* south of New England. To the labour-power of men and horses, and women and children, now absolutely unemployed, let us add the quantity that is wasted on the road, and to that let us add the manure now wasted on the road, and then we may form an estimate, but even then a very insufficient one, of the increased product that would have resulted from the creation of those mills. Let us then reflect that all these people are now fed, and that their surplus earnings would be applicable to the purchase of other things than food, and we may then see what would be the extent of the market thus made on the land for the products of the land.

A great error exists in the impression now very commonly entertained in regard to national division of labour, and which owes its origin to the English school of political economists, whose system is throughout based upon the idea of making England "the workshop of the world," than which nothing could be less natural. By that school it is taught that some nations are fitted for manufactures and others for the labours of agriculture, and that the latter are largely benefited by being compelled to employ themselves in the one pursuit, making all their exchanges at a distance, thus contributing their share to the maintenance of the system of "ships, colonies, and commerce." The whole basis of their system is *conversion* and *exchange*, and not production, yet neither makes any addition to the amount of things to be exchanged. It is the great boast of their system that the exchangers are so numerous and the producers so few,* and the more rapid the increase in the proportion which the former bear to the latter, the more rapid is supposed to be the advance towards perfect prosperity. Converters and exchangers, however, must live, and they must live out of the labour of others: and if three, five, or ten persons are to live on the product of one, it must follow that all will obtain but a small allowance of the necessaries or comforts of life, as is seen to be the case. The agricultural labourer of England often receives but seven shillings a week, being the price of a bushel and a half of wheat.

Were it asserted that some nations were fitted to be growers of wheat and others grinders of it, or that some were fitted for cutting down trees and others for sawing them into lumber, it would be regarded as the height of absurdity, yet it would not be more absurd than that which is daily asserted in regard to the conversion of cotton into cloth, and implicitly believed by tens of thousands even of our countrymen. The loom is as appropriate and necessary an aid to the labours of the planter as is the grist-mill to those of the farmer. The furnace is as necessary and as appropriate an aid to the labours of both planter and farmer as is the saw-mill, and those who are compelled to dispense with the proximity of the producer of iron, labour to as much disadvantage as do those who are unable to obtain the aid of the saw-mill and the miller. The loom and the anvil are, like the plough and the harrow, but small machines, naturally attracted by the great machine, the earth, and when so attracted all work together in harmony, and men become rich, and prosperous, and happy. When, on the contrary, from any disturbing cause, the attraction is in the opposite direction, and the small machines are enabled to compel the products of the great machine to follow them, the land invariably becomes poor, and men become poor and miserable, as is the case with Ireland.

To those who doubt the extent of the loss resulting from this unnatural division of labour, I would recommend a visit to any farm at a distance of thirty or forty miles from a furnace or a factory, that they may there, on the ground, satisfy themselves of the fact. They will there see days perpetually wasted for want of means of occupation—and other days on the road carrying to market small amounts of produce—and general listlessness resulting from the want of stimulus to activity, on the part of the men, while children, male and female, are totally unemployed, and the schoolmaster remains abroad for want of means to pay him when at home. As a general rule,

* "Out of 3,400,000 families in Great Britain in 1831, but 960,000 were engaged in agriculture, the work of production. Between 1831 and 1841 the number of adult males increased 630,000, but the number of those employed in agriculture diminished 19,000. The town population, that which lives by the work of conversion and exchange, is steadily increasing in its ratio to the producing population, and as a necessary consequence there is a steady increase of poverty, vice, and crime.

our farmers attach scarcely any value to time. They go to a distant market in preference to selling at a nearer one, when the difference of price to be obtained upon their few pounds of butter, or baskets of vegetables, appears utterly insignificant compared with the loss of time and labour, and they do this because labour is to so great an extent totally valueless. Let the inquirer look to these things for himself, and let him then add the enormous proportion of the labour that is misemployed in badly cultivating large surfaces instead of small ones—in keeping up fences and roads entirely disproportioned to the product of the land—and finally let him add the waste of intellect from the want of proper instruction and frequent communication with their neighbour men—and then let him determine if the loss is not *five times over* as great as would pay for all the cloth and iron—raw material included—consumed upon the farm. Place the mill there, and all this is saved. The farmer and his horses and wagon are employed in hauling stone and timber for the mill and for houses, and his children find employment in the mill, or in the production of things that can be used by those who work in the mill, and *all* their extra earnings may go for cloth and iron, *for food they had before.* I say all, for with the mill come improved roads, and the facility of sending to market the many things for which a market on the land cannot as yet be made.

The mill and furnace, and the coal mine, are saving-funds, in which the people of the neighbourhood deposit the labour and the things which otherwise would be waste, and where these depositories exist, farmers and planters become rich. Where they do not, they remain poor. To those who desire to understand the wonderful effect of the daily deposit of small quantities of labour, I would recommend an examination of the saving-fund system of Europe and this country. They will there see how much can be accumulated from small savings when a safe place of deposit is offered, and thence can form a judgment of how much is liable to be wasted for want of such institutions. The people of New England have saving-funds in which they deposit what would be otherwise the waste labour of themselves, their horses and wagons, their sons and their daughters, and much of the produce that would otherwise be wasted, making by the very act a market on the land for the products of the land, and thus are enabled to save the manure, and they grow rich because of these economies. The people of other States waste labour, and water-power, and produce of various kinds, and then they destroy their timber for want of a market for it, and they waste their manure, and thus it is that they remain poor because of this extravagance. One cent per day for each person of the nation is almost eighty millions of dollars in a year. Is there not wasted, for want of a demand for it, labour to quintuple that sum per head? If so, the amount is four hundred millions of dollars, or forty times the price—raw material included—of all the cotton cloths we can afford to buy from abroad.

Were all this saved, it would make a market for four hundred millions of dollars of cottons and woollens, of linens, iron, hardware, agricultural implements, coal, and all of the thousand other things required for the comfort and enjoyment of life. I say four hundred millions of those things, for food they had before, and as they are all consumers to the whole extent of their production, they must expend almost the whole extra production in other things than food. To the extent of these four hundred millions they would be customers to the land and its owner, for the earth is the sole producer.

Should the inquirer desire to view the effect of this waste of labour, on a large scale, he could not now do better than visit the valley of the Schuylkill. Doing so, he would find there all the labour and all the machine-power requisite for the production at market of 60,000 tons of coal per week,

worth about $240 000. The quantity that will go to market this year will be about 30,000 tons per week, worth $120,000. Here is a diminution in the article of coal alone, to the extent of six millions of dollars, and if we were to add the loss from iron it would increase greatly the amount. Having ascertained this, if he should then inquire what was being produced to make amends for this, he would find it literally nothing. The men are there, and their wives and families are there, and they must have food, and that they may obtain it hundreds and thousands are cultivating potato patches; but the whole value produced to take the place of the coal and iron not produced, is so small as scarcely to be worth the slightest notice.

The labour-power now being wasted in that valley is more than would pay for all the iron and coal we have imported, and for which we have to pay in wheat or cotton. If, now, we follow this six millions, we can find it everywhere diminishing the power of the labourer and the miner to consume food or cloth, to the loss of both farmer and planter—diminishing the demand for the labour, and consequently the reward of the labourer and of the mechanic—diminishing the power of railroad owners to construct new roads, and thus again diminishing the demand for labour, and the power to pay for cloth or food: and thus may it be traced, step by step, throughout the whole nation, every interest taking its share of the loss.

Let the inquirer next visit a factory of any kind, and he will see that the whole value of the labour there employed is a creation that owes its existence to the fact that the mill has been built to be a saving-fund in which each family may deposit the labour, physical and mental, that would otherwise be wasted, receiving in exchange the cloth, the hats and coats, the shoes and stockings, the books and newspapers, that could not otherwise have been obtained. Let him then trace these savings, and he will find them producing an increased demand for food—and better food—a demand for cotton, and wool, and iron, and fuel, and all other of the products of the earth, to the benefit of every owner or cultivator of land, whether farmer or planter.

The people of New England save labour, and doing so they grow rich, and are enabled to make roads by which they travel rapidly to market, and they save the refuse of their products, which goes back upon the land, and that also grows rich. The people of the South and West, for want of such labour-saving-funds, waste more time than would pay *many times over* for all the cloth and iron they can consume; and then they are unable to make roads, the consequence of which is that the conveyance to market is costly They have to go to a distance for the performance of every exchange, however small. Their *necessities* for making roads are great, but their *power* to make roads is small. They waste all the refuse of their land, which is exhausted, and then they run away to other lands, *increasing their necessities* and *diminishing their power.*

But, it is asked, cannot too much coal and iron, cotton, wheat, and other of the good things of the world be produced—more than can be consumed? Those who ask this question do not recollect that every man is a consumer to the whole extent of his production. The more coal and iron are produced, the more wheat and cotton are consumed. The more wheat and cotton are produced, the more coal and iron are consumed. Consumption and production go hand in hand, and when there is a glut of any thing it is the result of error in the system that requires to be corrected.

Coal is now superabundant. The market is overloaded with a quantity smaller than that which was readily consumed two years since, and less by one-third than would be now required, had the power of consumption increased at the same rate as during the period from 1843 to 1847. The friends of the existing system point to the trivial import of foreign coal, and

say that the cause of diminished product cannot there be found. They are right, but in so saying they condemn the system. The duty on coal was reduced in order that the labourer might obtain fuel more readily, but it has become so much more difficult to procure it that the consumption is already sensibly diminished, with every prospect of a further diminution. The total import of iron, and of cotton cloth, is as nothing compared with the growth of the product in the years from 1843 to 1847, and thus we see that the supply diminishes instead of increasing in its ratio to population, under a system that was to enable the labourer, and the farmer and planter, more readily to obtain cloth and iron.

It is not so much that coal needs protection for itself—or that iron or cotton need it for themselves—but that each needs it for the other. The producer of coal suffers because the furnace is closed, and the producer of iron suffers because the factories are no longer built, and the maker of cloth suffers because labour is everywhere being wasted, and the power to buy cloth is diminished. The harmony of interests—agricultural and manufacturing—is as perfect as is that of the movements of a watch, and no one can suffer without producing injury among all around. The grower of cotton suffers when the operatives in cotton factories and the workers in mines and furnaces are unemployed, and the latter suffer when adverse circumstances diminish the return to the labour of the farmer and planter.

There are more labour and the products of labour wasted in the States south of Mason and Dixon's line, than would, *ten times over*, convert into cloth all the cotton they produce, and more in the States north of it, than would, *ten times over*, produce all the iron made in Great Britain. This may appear a large statement, yet it is less than the truth, as will be clearly seen on examination. If evidence of this be desired, look to the fact that the manufacture of cottons and woollens doubled in five years—and that of iron, which in 1843 was under 250,000 tons, reached nearly 800,000 in 1847. Did this diminish the products of agriculture? Was not, on the contrary, the supply greater than was ever before known? We added at least two hundred millions in manufactures, not only without diminution elsewhere, but with a larger increase than had ever before taken place, and it was precisely when the home consumption had become so immense that the assertion was made that we had three hundred millions of bushels of food for which we needed a market. All this labour was saved labour, and much of the things employed would otherwise have been wasted.

Look next to the other fact, that it was *precisely when the growth of manufactures was arrested*, from 1835 to 1839, that the supply of food became so short that, notwithstanding diminished consumption consequent upon high prices, we were compelled to import wheat to the amount of more than four millions of dollars in a single year, and it will be seen if the experience of the two periods—1835–'41, and 1844–'47—does not prove conclusively that the nearer the loom and the anvil are brought to the plough, the larger is the return to the labours of the ploughman. Could it be otherwise? The nearer the place of exchange, the less of labour and manure are wasted on the road, and the more uninterruptedly is labour applied, upon a machine constantly increasing in its powers. The demand for lumber enables the farmer to sell his trees, and with the product he drains his land, and thus is enabled to cultivate more and better land. The more distant the loom and the anvil, the more labour and manure are wasted on the road, the less of both can be given to the land, and the best lands necessarily remain encumbered with trees that are valueless, because the labour of clearing them is more than they are worth when cleared.

That the reward of the labourer advances under the protective system is

obvious from the fact that immigration increases. Men go from low wages to seek high ones. From 1829 to 1834 immigration grew. Thence to 1843 it was almost stationary. Thence to the present time it has increased with vast rapidity. Henceforward, if the existing system be maintained, it must diminish, for the power to obtain food and clothing, fuel and house-room, wages, has declined.

That the productiveness of labour increases is obvious from the rapid growth of canal and railroad tolls, and their stationary condition with every approach to the policy that tends to the separation of the loom and the anvil from the plough and the harrow. So again with the growth of steamboats, and of vessels generally. The more there is produced, the more can be consumed, and the more will go to market.

There is, as it appears to me, no single point of view from which we regard the facts now passing before our eyes, in which we shall not find confirmation of the correctness of these views. Were all the machinery now used in Lowell and Providence, for the manufacture of coarse cloths, taken out and replaced by that fitted for making fine cloths, and muslins, and silks, the product would be ten times as much as we now import, with little increase in the quantity of labour employed. Were all that coarse machinery then distributed throughout the South, it would enable the people of Southern States to convert into cloth three hundred thousand additional bales of cotton, not only without diminution in the agricultural export, but with an increase, for labour would then be more advantageously applied. To accomplish all this, by building mills and making machinery, would require an amount of labour equal to but a very small portion of that which is now wasted in a single year, and *not as much as is this year wasted in Pennsylvania alone.*

The people of the North would then have called into action a higher degree of intellect than is now required, and wages would rise, and the consumption of woollen and cotton cloth, of silks, and of sugar, and tea, and coffee, would grow rapidly. The people of the South would find the same effects. Their own consumption of cotton would be quintupled, while they would consume more and better food than now. They would need better houses, and the demand for timber and stone would clear their land, and wealth and population would give them better roads, and the men who came to make roads would eat food and wear coarse cottons, and thus the planters themselves would be enabled to become large customers for the fine ones produced in the North.

Consuming more tea and coffee, the producers of those articles would be able to purchase more cotton, and thus the planters' market would grow on every hand. The demand for machinery, for furniture, and for thousands of other things, would produce new improvements in manufactures, and the producers of tea and coffee, sugar and cotton, would be enabled to consume more largely of them, while the makers of machinery and furniture would need more iron, more lumber, and more cotton.*

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* I take the following from *The Cincinnati Gazette*, as evidence of the vast amoun o. smaller articles, composed of things that would be wasted, and prepared, much of it, by labour that would be wasted but for the proximity of a market:—

"What our larger manufactures for the South are, is well understood, especially by persons familiar with the machinery of sugar plantations. Our small manufactures, consisting of bagging, buckets, tubs, ploughs, &c., are less known. The exports of some of these for four seasons, will serve to show both the requirements of the South in this respect, and our ability to supply them.

On the other hand, let us suppose the cotton mills closed, and the supply of cloth diminished to the extent of all that is produced from 600,000 bales of cotton—the furnaces closed, and the supply of iron diminished to the extent of 800,000 tons—and the coal mines closed, and the supply of fuel diminished to the extent of three millions of tons—could we import and pay for the deficiency? Would the whole cotton crop then bring more than we now obtain for three-fourths of it? It would not. Our power to import foreign cloth and iron, and fuel, would not only not be increased, but *it would be diminished*, and we should consume one pound of cotton per head instead of ten or twelve. The power to pay for all the cotton and iron produced at home, results from the saving of labour, and with the disappearance of the power to save that labour would disappear the power to consume what are now its products. Union between the producer and the consumer at home, would, therefore, appear to be more profitable than union with people abroad and disunion among those at home.

CHAPTER FIFTH.

WHY IS IT THAT PROTECTION IS REQUIRED?

If all the labour employed in converting food and cotton into cloth, and food, ore, and fuel into iron, be really saved labour—if the whole result be really profit—why is it that men should require protection to enable them to produce cloth and iron? The question is a natural one, and should be fully answered.

It is because it is saved labour, and because the loom and the anvil are merely subsidiary to the plough and the harrow that protection is required. The first and great object of man is, to obtain food and the materials of clothing for himself and family. Neither is fit for use in the form in which it is yielded by the earth—the great machine of production. The grain requires to be ground, and the wool to be spun and woven. He pounds the one and his wife endeavours to convert the other into cloth of some description, however rude. They work with bad machinery, and they lose much time, and yet the loss is less than would be the case were they to carry the grain to the distant flour-mill, or the wool to the yet more distant woollens-mill. By degrees population increases, and the blacksmith comes to exchange horse-shoes for food. The carpenter comes to exchange labour for food. The saw-miller comes to exchange the labour of himself and his

	1845-'46.	1846-'47.	1847-'48.	1848-'49.
Alcohol, bbls.	1,615	1,844	1,771	3,022
Brooms, doz.	1,584	5,108	3,760	3,333
Bagging, pieces	. .	8,867	12,632	15,910
Candles, boxes	6,757	16,622	29,180	39,640
Cooperage, pieces	18,388	41,121	36,924	55,617
Lard oil, bbls.	1,690	6,199	8,277	9,550
Linseed oil, bbls.	455	6,032	3,878	3,020
Soap, boxes	2,708	10,080	11,295	11,308
Starch, boxes	2,499	5,826	8,179	7,904
White lead, kegs	. .	. .	. .	29,417
Sundry manufactures, packages	7,957	22,251	42,418	94,934

"These small manufactures are too often overlooked by persons from abroad who survey this populous city, and wonder how it came and what it is doing out here in the heart of what was nothing but a wilderness half a century ago. But they really constitute, as every one familiar with them knows, one of the main elements of our prosperity. And behind them lie many others, contributing their share to our comforts and our growth, which as yet enter only slightly into our export trade, and consequently are not included in our commercial tables."

machine for food. In all these cases we see combination of action, and with its growth men obtain horse-shoes and houses more readily than before. Next the little grist-mill comes, and the miller gives the labour of grinding in exchange for food to eat. Again, the little woollens-mill comes, and the miller gives his labour to the carpenter and saw-miller for labour and lumber, to the blacksmith for his iron work, and to the farmer for food and wool. Next the little furnace comes, and the furnace man, in like manner, exchanges with his neighbours, and with the progress of combination of action men obtain, at every step, food, fuel, clothing, iron, furniture, and houses, with increased facility. The first and great desire of man is that of association with his fellow-man, and it is so, because he feels that improvement of his condition, physical, moral, mental and political, is its uniform accompaniment.

Throughout this country, there is a want of combination. Men are perpetually flying from each other, scattering themselves over large surfaces, and wasting the labour that if saved would make them rich. This inability to combine their exertions is the result of artificial causes; and the adoption of the protective system has been produced by an instinctive effort to obtain by its aid that which, had those causes not existed, would have come naturally and without effort.

If we now look to the early history of these provinces, we shall see the gradual tendency towards the establishment of furnaces, woollen-mills, &c. for the purpose of enabling men to combine their exertions for obtaining iron, cloth, and other of the necessaries of life with the least loss of labour in the work of transportation, whereby they might be enabled to economize their own labour to be employed in the work of production, while their sons and daughters were obtaining wages in the conversion of wool into cotton, or ore into iron.

The object of the colonial system was that of "raising up a nation of customers," a project "fit only," says Adam Smith, "for a nation of shopkeepers." He was, however, inclined to think, that even for them it was unfit, although "extremely fit for a nation whose government was influenced by shopkeepers." As early as the period immediately following the Revolution of 1688, we find the shopkeeping influence exerted for the "discouragement" of the woollens manufacture of Ireland; and while the people of that unfortunate country were thus prevented from converting their own wool into cloth, they were by other laws prevented from making any exchanges with their fellow-subjects in other colonies, unless through the medium of English ports and English "shopkeepers."

Such being the case, it was little likely that any efforts at combination of exertion among distant colonists, for rendering labour more productive of the conveniences and comforts of life, should escape the jealous eyes of men whose shopkeeping instincts had prompted them to the adoption of such measures in regard to nearer ones. The first attempt at manufacturing any species of cloth in the American provinces was followed by interference on the part of the British legislature. In 1710, the House of Commons declared, "that the erecting of manufactories in the colonies had a tendency to lessen their dependence upon Great Britain." Soon afterwards complaints were made to Parliament, that the colonists were setting up manufactories for themselves, and the House of Commons ordered the Board of Trade to report upon the subject, which was done at great length. In 1732, the exportation of hats from province to province was prohibited, and the number of apprentices to be taken by hatters was limited. In 1750, the erection of any mill or other engine for splitting or rolling iron was prohibited; but pig-iron was allowed to be imported into England duty

free, that it might then be manufactured and sent back again. At a later period, Lord Chatham declared, that he would not allow the colonists to make even a hob-nail for themselves. Such is a specimen of the system, with regard to these colonies. That in relation to the world at large shall now be given.

By the act, 5 George III. [1765,] the exportation of artisans was prohibited under a heavy penalty.

By that of 21 George III. [1781,] the exportation of utensils required for the manufacture of woollens or silk was likewise prohibited.

By that of 22 George III. [1782,] the prohibition was extended to artificers in printing calicoes, cottons, muslins or linens, or in making blocks and implements to be used in their manufacture.

By that of 25 George III. [1785,] it was extended to tools used in the iron and steel manufactures, and to the workmen employed therein.

By that of 39 George III. [1799,] it was extended to colliers.

These laws continued in full force until the year 1824, when the prohibition as to the export of artisans was abolished, and all those relating to the export of machinery so far relaxed that "permission may now be had for the exportation of all the more common articles of machinery," discretion having been given to the Board of Trade, which decides upon each application, "according to the merits of the case." But little difficulty is now, it is said, experienced by merchants, who generally know as to what machines "the indulgence will be extended, and from what it will be withheld," almost as certainly as if it had been settled by act of Parliament; yet, it is deemed advantageous to have it left discretionary with the Board, that they may have "the power of regulating the matter, according to the changing interests of commerce."* Under this system, the whole quantity of machinery exported in the eleven years, from 1824 to 1835, averaged but two hundred thousand pounds per annum.†

We see thus, that the whole legislation of Great Britain, on this subject, has been directed to the one great object of preventing the people of her colonies, and those of independent nations, from obtaining the machinery necessary to enable them to combine their exertions for the purpose of obtaining cloth or iron, and thus *compelling* them to bring to her their raw materials, that she might convert them into the forms that fitted them for consumption, and then return to the producers a portion of them, burdened with great cost for transportation, and heavy charges for the work of conversion. We see, too, that notwithstanding the revocation of a part of the system, it is still discretionary with the Board of Trade, whether or not they will permit the export of machinery of any description.

Had it not been that there was a natural tendency to have the producer of iron and cloth, and hats, to take his place by the side of the producer of food and wool, there could never have arisen any necessity for such laws as those passed in relation to Ireland and the colonies, and had that tendency not existed, the laws prohibiting the export of machinery would never have been required. It did exist, and it does everywhere exist, and it was for the purpose of preventing the gradual development of a natural state of things, and bringing about an unnatural one, whereby Great Britain might be made "the work-shop of the world," that those laws were passed. The object of protection has been, and is, to restore the natural one.

The effect of those laws has been that of bringing about an unnatural division of her population. The loom and the anvil, in that country, instead of being second to the plough, have become first, with great deterioration in

* Porter's Progress of the Nation, Vol. I. p. 320.

† Ibid. p. 323.

the condition of both labourer and capitalist. For a long period, the few engaged in manufactures made vast fortunes; while the owners of land were enabled to obtain enormous rents, because the consumers of food increased more rapidly than the producers of food. Land gradually consolidated itself in fewer hands, and the little occupant of a few acres gradually gave way to the great farmer, who cultivated hundreds of acres by aid of hired-labour. The few became richer, and the many went to the poor-house. The value of labour, in food, was diminished, and the value of capital was also diminished, because both were, as they still are, shut out from employment on land, the only employment in which both can be used to an indefinite extent, with constant increase in the return to labour.

By degrees, however, machinery was smuggled out of England, and artisans escaped therefrom; and at length there arose a necessity for legalizing the export of both, and from that time it is that manufactures on the continent of Europe have made great progress. The people there, however, have, like ourselves, laboured under great disadvantages. England had monopolized machinery for so long a time that she had acquired skill that could not readily be rivalled; while she had, by this improper division of her population, kept the price of labour and capital at a lower point—proportioned to the advantage with which they might have been applied—than among her neighbours. Her establishments were gigantic, and always ready to sink those who might undertake competition; while the unceasing changes in her monetary arrangements, the necessary consequences of the colonial system, were of themselves sufficient to spread ruin among all the nations connected with her. Our own experience has been that of all the world.

The necessary consequence of the existence of such a state of things, was resistance by the various independent nations of the world, in the form of tariffs of protection; one of the first results of which was the modification of the law prohibiting the export of machinery. From that period to the present, she has been engaged in an effort to under-work other nations, despite their efforts to shut her out, and with each stage of her progress the condition of her operatives, as well as that of her farm labourers, has deteriorated. Women have been substituted for men, and children of the most immature years for women, and the hours of labour have been so far extended as to render Parliamentary interference absolutely necessary. That interference was opposed, on the ground that all the profit of the machinery resulted from the running of an additional hour. In the mining department of her trade, the system is the same, and it is impossible to read the Parliamentary Reports on the condition of her manufacturing and mining labourers, without being horrified at the awful consequences that have resulted from this effort to tax the world by monopolizing machinery. The moral effects are as bad as the physical ones. Frauds of every kind have become almost universal. Flour is substituted for cotton, in the making up of cotton cloths, to such an extent that, fifteen years since, the consumption for this purpose was estimated at forty-two millions of pounds.* The quality of iron, and of all other commodities, is uniformly reduced to the point that is required for preventing other nations from producing such commodities for themselves.

By the census of 1831, it was shown that the number of families in England and Wales was 3,303,504, of which 1,170,000 were those of agricultural occupants, or of agricultural and mining labourers, producers of things to be

* "These goods are generally smoother and more evenly made than American fabrics of the same cost; but they must be used in their dry state, as in washing their appearance is very much changed."—*Dry Goods Reporter*, Nov. 1849.

converted or exchanged; leaving 2,133,000 for the converters and exchangers, and for the money-spending classes—paupers on one hand, and state annuitants, noblemen and gentlemen, on the other. Thus the products of one labourer had to be divided among three.

By the census of 1841, it was shown that, notwithstanding an increase in the last ten years of 630,000 in the number of adult males, there had been an actual diminution of 19,000 in the number employed in agriculture, and thus we have almost four persons to consume the products of one.

Since that date, the tendency has been in the same direction. The transporters, converters, and exchangers have been steadily and rapidly increasing in their proportion to the producers.

With each step in her progress, she thus becomes less a producer, and more and more a mere exchanger, dependent upon the profits of converting and exchanging the products of other nations. This steadily increasing disproportion between the producers and the exchangers, brought about the state of things that led to the repeal of the corn laws, since the date of which there is an evident increase in the tendency to become a mere exchanger of the works of other men's hands. The amount of her trade does not grow with the growth required by this change. The farmer may live and maintain his family out of a crop of five hundred bushels, or even less. The shopkeeper, to live as well, must pass through his hands five thousand bushels; and what is true of the individual shopkeeper is equally true of a nation of shopkeepers, as I will now show.

The man who raises his own food, and sells of it to the amount of $100, has that sum to be applied to the purchase of clothing and other of the comforts of life. He is selling the product of his own labour.

The man who buys food to the extent of $100, and sells his products for $200, has but $100 to be applied to the purchase of other things than food. To the extent of one-half he is selling the produce of the labour of others.

The man who buys food and leather, each to the extent of $100, must sell $300 worth of shoes to give him $100 to be applied to the purchase of other things than food. To the extent of two-thirds he is selling the labour of others.

So is it with nations. When they sell their own products, their power to purchase from others is equal to the whole amount sold. When they sell the products of others, whether in the same or any other form, their power of purchase is only to the extent of the difference between the price paid and the price received. The bale of cotton exported as yarn, is but the bale imported as wool, and, to the extent of the cost of the wool, represents no part of the power to purchase for consumption. The barrel of American flour exported in the form of cloth or iron, is but the barrel of flour imported, and represents no part of the power to purchase coffee, tea, or sugar.

The actual or declared value of the exports of the produce and manufactures of Great Britain and Ireland, was,

From	1815 to 1819,	annual average, . .	£44,000,000
"	1827 to 1834,	" " . . .	38,000,000
"	1845 to 1848,	" " . .	50,500,000

From these sums is to be deducted, in all cases, the cost of the raw material required to produce the commodities exported.

The quantity of cotton manufactured in the first period amounted to 100,000,000 of pounds per annum, and the average price was 19 pence.*

* McCulloch's Com. Dict., art. Cotton.

making the whole cost about £8,000,000. The value of cotton goods exported was £16,500,000, of which the raw material may have been about £5,500,000.

The consumption of foreign wool was about 7,000,000 of pounds weight, and with this exception the whole amount of the export was of domestic production.

The import of food amounted to about 1,500,000 quarters, or 13,500,000 bushels of 60 pounds weight.

Putting together all the foreign food and raw materials required for the product of £44,000,000 of exports, the total cost could scarcely have exceeded £12,000,000, leaving £32,000,000 as the value of domestic products and labour exported by a population of 21,000,000, being equal to about £1·10 per head, or $7·20, to be applied to the purchase of foreign commodities for domestic consumption.

In the second period, the quantity of cotton manufactured averaged about 275,000,000 of pounds, and the price had fallen to about 8*d.*, making the cost about £9,000,000. The proportion exported had somewhat increased, judging from the difference between the quantity as given by the official value, and the product as given by the declared value, and the amount of labour had decreased, the exports of mere yarn having risen from £1,200,000 to between four and five millions. The value of the raw cotton thus exported may have been £6,000,000.

The quantity of foreign wool retained for home consumption had risen to 30,000,000 of pounds, being an important portion of the quantity exported in the form of cloth.

The average import of food was, as before about 1,500,000 quarters. If, now, we estimate the total consumption of food and other raw materials at £14,000,000, and deduct that sum from the amount of exports, we shall have remaining £24,000,000 as the value of the products and labour exported by a population of 23,000,000, being about 21*s.* or $5 per head, to be appropriated to the purchase of foreign commodities, other than grain, for consumption.

In the third period, the declared value of cotton goods exported had risen to about £25,000,000, and the cost of the raw cotton required for this purpose, in the year 1846, was estimated at about, . £8,500,000
And in the year 1847, at 8,800,000
For 1845 and 1848, the average was about . 7,350,000
making a total average of £8,000,000. To this must now be added the wool of Australia, Spain and Germany, of which the manufacture had risen to 70,000,000 of pounds; the silks of Italy and China; the hides, the indigo and other colouring materials, the gold, and innumerable other articles used in the production of this large amount of manufactures; and I shall be safe in putting the whole amount, for those years, at not less than £14,000,000, and it is probably much more.

The import of flour and grain averaged about 6,250,000 quarters, and as the last of those years amounted to about five and a half millions, it may be safe to assume that the average quantity required will not fall materially short of six millions, equal to fifty-four millions of bushels of sixty pounds each, and if the cost of these be averaged at 4*s.* per bushel, the amount will be £10,800,000*

* The amount actually expended in fifteen months is stated to have been £33,000,000. This, however, was an exceptional case, and my object is rather to show from the past what may be taken as an average of future years.

If, now, we add for vast quantities of live-stock, pork, beef, lard, butter, cheese, and other articles of food, the whole consumption of which was formerly supplied at home, only 1,000,000

We shall have a total of 25,800,000

To be deducted from the gross amount of exports, and leaving only 24,700,000

as the value of the export of the products and labour of the twenty-seven and a half millions composing the population of the United Kingdom, being about 18*s.* or $4·32 per head, to be applied to the purchase of sugar, tea, coffee, rice, spices, and numerous other foreign articles of food—for lumber, tobacco, foreign manufactures of every description, and for the purchase of the cotton, silk, wool, dye-stuffs, hides, &c. &c., required for the manufacture of clothing used at home.

We have here a constantly diminishing quantity to be applied to the purchase of various descriptions of food that from luxuries have become necessaries of life, and that of the materials of clothing. It follows, of course, that as food is the article of prime necessity, the amount that each expends of clothing is very small indeed; the consequence of which is, that the people of England, engaged in furnishing cheap clothing to all the world, are not only badly fed but exceedingly badly clothed, the cost of clothing, in labour, being so great as to place it beyond their reach,* the amount that can be expended for that purpose tending rather to decrease. Whenever a good crop causes a large quantity of cotton to come to market, the price falls to the point that is necessary to enable the purchaser at home to absorb the surplus that cannot be exported; and when the crop is short, the consumption is limited to the quantity that can be purchased by the small amount to be expended. The whole sum now applicable to this purpose appears not to vary greatly from 2*s.* per head, sufficient to purchase three pounds at 8*d.*, or six pounds at 4*d.* This will be seen by an examination of the following table:—

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* By reference to the report of the Assistant Commissioner charged with the inquiry into the condition of women and children employed in agriculture, it will be seen that a change of clothes seems to be out of the question. The upper parts of the under-clothes of women at work, even their stays, quickly become wet with perspiration, while the lower parts cannot escape getting equally wet in nearly every kind of work in which they are employed, except in the driest weather. It not unfrequently happens that a woman, on returning from work, is obliged to go to bed for an hour or two to allow her clothes to be dried. It is also by no means uncommon for her, if she does not do this, to put them on again the next morning nearly as wet as when she took them off.

The evidence laid before Parliament in regard to the situation of the operatives in coal mines, showed that men and women, boys and girls, were accustomed to work together in a state of absolute and entire nudity.

The slowness with which the power of consuming other articles than clothing has grown is remarkable.

In 1803, that of paper was	31,699,537	pounds.
1841, with almost double the population, only . .	97,103,548	"

The great diminution in the cost of cotton and linen cloth had been attended with a corresponding reduction in the cost of rags, while there had been great improvements in the mode of manufacture. The quantity of labour that could be exchanged against paper had evidently diminished.

The consumption of candles in 1801, was	66,999,080	pounds.
In 1830 it was	116,851,305	"

having little more than kept pace with the population.

	Average cost of Cotton in England.	Home consumption.	Money price, per head
	d.		*s.* *d.*
1845	$4\frac{3}{4}$	170 millions	about 2 $4\frac{1}{2}$
1846	5	155 "	" 2 3
1847	$6\frac{3}{8}$	80 "	" 1 7
1848	$4\frac{1}{2}$	170 "	" 2 3

We see, thus, that she clothes her people at the cost of the cotton planter. She has a certain quantity of labour that she can give in exchange for cotton, and the price of the whole import is regulated thereby. If the crop is large, she takes a great deal for the money; if it is small, she takes but little; and thus the producer not only derives no benefit from large crops, but is so much injured thereby, that it is actually more profitable to have one of 2,000,000 of bales, than one of 2,700,000. Had that of the present year reached three millions, he would have been ruined, for freights would have been high, while prices abroad would have fallen to a lower point than has ever yet been reached.

Instead of applying her labour to the cultivation of her own soil, she pursues a course having for its object that of compelling all the farmers and planters of the world to make their exchanges in her markets, where she fixes the price for the world. Her power to apply the proceeds of labour to the purchase of other commodities than those of prime necessity is small, and gradually but steadily diminishing; and whenever the labours of the producer are rewarded with liberal returns, he is nearly ruined, because the price falls below the cost of production.

The system is altogether so remarkable that at some future day it will be deemed almost impossible that it should ever have been tolerated. She has a certain quantity of the means of transportation and conversion, and being thus provided she desires that all the cotton and sheep's-wool of the world shall be brought to her, that it may be spun and woven, and that she may take toll for spinning and weaving it. The more that is brought to her the less of it she gives back to the producer, and the price she pays him fixes the price he receives from all the world. How the system works may be seen from the following statement:—

	1815 to 1819.	1827–1834.	1845–1846.
Cotton consumed, lbs.	100,000,000	275,000,000	596,000,000
Value	£8,000,000	9,000,000	11,400,000

She pays for this in cotton-cloth and iron, the prices of which, at these periods were as follows:—

A piece of calico, of 24 yards	16/6*	7/6†	6/7
A ton of merchant-bar iron	£11‡	£7 5	£9 10

Had the whole been paid in these, the planter would have received of

Cloth, pieces	9,700,000	24,000,000	34,700,000
Or iron, tons	730,000	1,250,000	1,200,000

The *additional* freight, home and foreign, charges, commissions, &c., in the last period were, at three cents per pound, on 496,000,000 of pounds, say $15,000,000. For this the planter would receive, *in Liverpool*, 470,000 *additional* tons of iron, the value of which, in Liverpool, at the present moment, would be about $11,000,000, and thus he not only gave away his cotton, but gave with it a large portion of the cost of transportation. The whole return to him for 600,000,000 was not as great as it had been to 100,000,000.

It thus appears that notwithstanding all the improvements in manufacture, the planter had to give in the last period *six times* the quantity of cotton to

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* McCulloch's Statistics, Vol. II. p. 70.

† This is the average of the years from 1831 to 1834, as given in Burns's Commercial Glance, and copied in the Merchants' Magazine, Vol. XIX. p. 277.

‡ Average of 1817 to 1819—Merchants' Magazine, Vol. XX. p. 337.

obtain *three and a half times* the cloth that he could have had in the first—and *six times* the quantity to obtain a *smaller quantity* of iron. A more admirable mode of taxing the world was certainly never devised.

The result of the system is, that the productiveness of agricultural labour is declining in every portion of the world that does not protect itself against this "war upon labour and capital," as I will now show.

Consumption is measured by production. Every man is a consumer to the whole extent of his production. To that point he will go, and beyond it he cannot go. The first of his wants is food; next comes clothing; after this follow the conveniences and luxuries of life. If his productive power increases, his power to obtain clothing increases rapidly, because the whole surplus is applicable to other things than food. If it diminishes, his power to obtain clothing diminishes with great rapidity, for food he must have. That it has diminished, and is now diminishing rapidly, will, I think, be evident from the following facts:—

Sixty years since, the price paid by the consumers of cotton to the producers of it was estimated at $40,000,000.

From 1827 to 1834, both inclusive, the crops of the United States averaged 945,000 bales, and the home consumption about 145,000, leaving 800,000 for export. The average price was about $40 per bale, and the product $32,000,000.

In this period, India continued to produce extensively of cotton, and to manufacture cotton goods. The China market was not opened to the free traders until 1831, and it required some time to substitute the cotton cloth of England for the cotton and cloth of India. With every day that has since elapsed, the production of cotton has declined, as the manufacture has been passing towards annihilation. Cotton was then extensively raised in the West Indies, Brazil, Egypt, Africa, Mexico, and elsewhere; and the total product, exclusive of that of the United States, was estimated at 450,000,000 of pounds, or about one-fifth more than that of the Union. Averaging the whole at the same price, we should now obtain an annual expenditure, excluding our own, for cotton wool, of $78,000,000.

From 1842 to 1848, both inclusive, the crop averaged 2,060,000 bales, and the home consumption about 400,000, leaving 1,660,000 for export. Two hundred thousand of these may be given to the Zoll-verein, and other countries of Europe that have protected themselves against the system, not as the increased quantity actually taken under low prices, but as that which would have gone at high ones, leaving 1,460,000 for the quantity that may be supposed to be influenced by the system. The average price, during that period, was seven and a half cents, or $34 per bale, and the average product of the portion of the crop thus exported, $50,000,000.

Since then, the cultivator of this most important commodity, throughout the world, has been ruined, and it is greatly to be doubted if the whole production, outside of the Union, is now more than one half of what it was thirty years since; but, at the utmost, it cannot exceed 270,000,000; and if we now assume that quantity, and, as before, put the whole at the same price, we shall obtain, as the amount paid for cotton, by almost the whole population of the world, outside of the Union, as follows:—

For the crop of this country, . .	$50,000,000
For that of the rest of the world, . .	20,000,000
	$70,000,000

Showing a large reduction, notwithstanding the increase in the number of persons employed in its production, and the increase of those who should consume it, and yet the case, as here stated, does not represent the real

diminution in the amount paid to the producers. Of the cotton of India, nearly the whole value is now swallowed up in freights, and while the cost to the consumer is large, the yield to the producer is scarcely more than two cents per pound. A more full examination of the subject would, I believe, result in showing that the producers of cotton, taken as a body, do not receive in return for all the clothing material that has to so great an extent superseded wool, flax, &c., from the people of the world outside of the limits of the Union, twenty millions of dollars more than they did sixty years since.

A similar examination of the movement in regard to sugar, coffee, wool, and other articles, would yield the same results, for the exhaustion is everywhere the same. The whole effect of the system is that of reducing the farmer and the planter—the producers of the good things of the world—to the condition of an humble dependence upon the owners of a quantity of small machinery for the conversion of wool into cloth, that they themselves could purchase at the cost of less labour than, for want of it, they waste in each and every year.

Let us now look to the results, as exhibited in the immediate dependencies of England.

With this vast increase in the importation of food from abroad has come the ruin of the people of Ireland. Deprived of manufactures and commerce, her people were driven to live by agriculture alone, and she was enabled to drag on a miserable existence, so long as her neighbour was content to make some compensation for the loss of labour by paying her for her products higher prices than those at which they might have been elsewhere purchased. With the repeal of the corn laws, that resource has failed; and the result is a state of poverty, wretchedness, and famine, that has compelled the establishment of a system which obliges the landowner to maintain the people, whether they work or not; and thus is one of the conditions of slavery re-established in that unhappy country. From being a great exporter of food, she has now become a large importer. The great market for Indian corn is Ireland—a country in which the production of food is almost the sole occupation of the people. The value of labour in food, throughout a population of eight millions, is thus rapidly decreasing.

From an inquiry instituted by Lord Clarendon, in 1847, and conducted in the most careful manner, it was ascertained that out of 20,800,000 acres of which the kingdom consists, there were but 5,200,000 under crop, and that the yield of cereal grains, chiefly oats, averaged 10 bushels (of 70 pounds) per head, while that of potatoes was 561 pounds per head. The cattle amounted to 2,591,000, or less than one to three persons of the population; the hogs to 622,000, or one to thirteen; and the sheep to 2,186,177, or one to four. Such are the products of a nation, exclusively agricultural, whose numbers were about one-half those of the people of the Union, at our last census.

Were it possible now to ascertain the quantity of food, per head, produced in Great Britain and Ireland, it is probable that it would be found to be less than it was five years since, and that the whole quantity, foreign and domestic, was not materially greater than at that date. If so, it follows that the whole amount of labour expended in purchasing and fashioning the cotton of other lands to be given in exchange for food, is lost labour, and that the average quantity of food and of other commodities obtainable throughout the kingdom in return for any given quantity, tends downwards instead of upwards; and that such is the case there is reason to believe. As evidence that such is the fact, we may take the expenditure for support of paupers, which in 1837 was £4,207,000, and for 1844, 5, and 6, averaged £5,890,000,

being an increase of forty per cent. in eight years. In 1848, it had attained the enormous height of £7,800,000. If now to this we were to add the expenditure for the same purpose in Ireland, we should find the growth to be absolutely terrific.

As a full answer to this, the English economist would point to the increased consumption of certain commodities; but that increase is maintained, as we have seen, by the oppression and ruin of the agriculturist everywhere. The whole system has for its object an increase in the number of persons that are to intervene between the producer and the consumer—living on the product of the land and labour of others, diminishing the power of the first, and increasing the number of the last; and thus it is that Ireland is compelled to waste more labour annually than would be required to produce, thrice over, all the iron, and convert into cloth all the cotton and wool manufactured in England. The poverty of producers exists nearly in the ratio in which they are compelled to make their exchanges in the market of Great Britain, foregoing the advantages that would result to them from the free exercise of the power of associating for the purpose of combining their exertions, and thus rendering their labour more effective.

The manufacturers of India have been ruined, and that great country is gradually and certainly deteriorating and becoming depopulated, to the surprise of those of the people of England who are familiar with its vast advantages, and who do not understand the destructive character of their own system. The London *Economist* says :—

"Looking to our Indian empire, we cannot but be struck with the singular facilities which—in climate, soil, and population—it presents to the commerce of Great Britain. At first sight, it seems to offer every thing that could be devised, in order to induce to a commercial intercourse almost without limit. There is scarcely one important article of tropical produce which is consumed in this country, either as the raw material of our manufactures, or as an article of daily use, for the production of which India is not as well, or better, adapted than any other country; while its dense and industrious population would seem to offer an illimitable demand for our manufactures. Nor are there opposed to these natural and flattering elements of commerce any fiscal restrictions to counteract their beneficial results. Indian produce has long entered into consumption in the home markets on the most favourable terms; while, in the introduction of British manufactures into India, a very moderate duty is imposed. Yet, notwithstanding all these advantages, it is a notorious fact, deducible alike from the tendency which the supply of some of the most important articles of Indian produce show to fall off, and from the stagnant, or rather declining, state of the export of our manufactures to those markets—and, perhaps, still more so, from the extremely unprofitable and unsatisfactory result which has attended both the export and import trade with India for some time past,—that there exist some great and serious impediments to the realization of the just and fair hopes entertained with regard to our Indian trade."

Another writer* speaks of it as a country whose exports are rapidly diminishing. Sugar, he says, does not increase, while indigo decreases, and cotton is reduced one-third to one-half. The revenue is deficient. Gazerat and Cutch, which once supplied cotton to half the world, have almost ceased to produce it. The growth and manufacture of cotton have disappeared from Bengal, which once gave to the world the Dacca muslins, the finest in the world. Cotton fields have everywhere relapsed into jungle.

Year after year we are told of efforts being made to increase the product and improve the quality of India cotton, and yet year after year the prospect of improvement becomes more remote, and necessarily so, because agricultural improvement under the existing impoverishing system is im-

* London correspondent of the National Intelligencer.

possible. For a short period, premiums were granted on what is called free sugar—to wit, that raised by the wretched Hindoo who perishes of starvation, the consequence of the system—and while that policy was maintained its cultivation made some progress, but since the abolition of the restrictions on slave-grown sugar, every thing tends downward.*

Ireland and India are thus in the same condition. The West Indies are ruined, and Canada, Nova Scotia, and New Brunswick, now seek annexation, that they may have protection from a system under which they are being ruined. The owner of land, everywhere, knows that it would be doubled by the change, and the labourer transfers himself to the south of the boundary-line, that he may find employment and good wages, which cannot be found at the north of it. Those who remain north of it now anxiously seek for admission for their grain, because protection maintains a market that now they cannot have.

In the existing state of things they have to compete with the low-priced labour of Russia and Poland, and are ruined. They desire, therefore, that their competition may be with the protected farmers and labourers of the Union.

Lord Sydenham, in a letter to Lord John Russell, which accompanied his Report on Emigration to Upper Canada, observed :

"Give me yeomen, with a few hundred pounds each, who will buy cleared farms, not throw themselves into the bush, and I will ensure them comforts and independence at the end of a couple of years—pigs, pork, flour, potatoes, horses to ride, cows to milk—*but you must eat all your produce, for devil a purchaser is to be found:* however, the man's wants are supplied, and those of his family; he has no rent or taxes to pay, and he ought to be satisfied."

Here is the cause of the desire for annexation that now exists throughout Canada. There are no consumers at hand, and the farmer cannot exchange his corn for cloth or iron, the consequence of which is, that labour and land are almost valueless. So is it everywhere. Every colony therefore desires to separate itself from England, and all would gladly unite with these United States, and for no other reason than that they might have protection.

That the colonial system is rapidly approaching its close must, I think, be obvious to all who take the trouble to inform themselves of the condition of the people of her colonies, who have been compelled to bear with it; and thence satisfy themselves that the independent nations of the world must continue to increase and to strengthen their measures of resistance until it shall be ended, that thenceforth there may be perfect freedom of trade.

It is "a war upon the labour and capital of the world." Its object is that of preventing the spinner and weaver from combining their efforts with those

* "For many years they [Messrs. Arbuthnot & Co., of Madras] have been the most extensive manufacturers of sugar in Southern India, converting to the extent of thousands of tons annually the coarse jaggery made by the ryots into the fine product which finds its way into the market; but the attempt to raise the cane was first tried about two or three years since, and it is needless to say that no cost or skill was spared to render it successful. Planters were brought from the West Indies at liberal salaries to direct the cultivation, and machinery of the most complete and extensive character was imported from England to irrigate the soil and manufacture the sugar on the spot. No project could possibly be set on foot under circumstances more favourable, but the upshot is that the land taken in Rajahmundry and Dawlaishwarum has been relinquished, and the cattle turned into the fields of standing cane. * * * *

"The question of competition to be maintained on the existing system with the West Indies and the countries in which slave labour prevails must rest for future consideration. At present we have arrived at the important conclusion, that, under the most favourable circumstances, we cannot hope to alter the present mode of cultivating the sugar-cane in Southern India."—*Athenæum.*

of the farmer and planter,—compelling the latter to work alone, and therefore disadvantageously, and then to give two-thirds of the crop for the maintenance of horses and wagons, ships and men, brokers and merchants, whose services would not be needed were the system abolished. Its effects have been everywhere, to render men depressed and poor. Desiring to liberate themselves from it our ancestors made the Revolution, and the Canadians have now formed a league, induced thereto by their observance of the wonderful results that have been here obtained.

Thus far, the system has been maintained at home by this power to tax the world for its support. India contributes three millions sterling per annum.* but there is a gradual diminution in the power to pay. Canada and the West Indies have paid their share, but the connection with the former is likely soon to be at an end, and the latter are ruined. This country is the main support of the system, but that support is gradually being withdrawn, and when it shall be absolutely so, the destructive effects of it upon England herself will become fully obvious. It will then be seen that the wealth of that country is really, to use the words of Carlyle, but a magnificent "sham." The few are rich, but the many are poor, and the mass of wealth is by no means great.

The whole amount of capital invested in buildings, machinery, &c. for the cotton manufacture, in 1834, was estimated at twenty millions of pounds sterling† or less than a hundred millions of dollars, being only double what has been expended in the effort to bring into activity the anthracite coal mines of Pennsylvania. She has also machinery for the production of a large amount of coal and iron, but the same quantity could be produced in this country in a few years, without an effort. She has made a considerable amount of rail-roads, but she broke down under the effort, and yet roads are made in that country at far less cost than here, and we have now more miles in operation.

The nominal cost of her roads is great, because the prices paid for land are high, and large sums are paid to lawyers, conveyancers, &c., &c., but these are merely transfers of property, not investments of it. The real investment is only the labour employed in grading the road, erecting the bridges, and getting out the iron, and the cost of these per mile is less than for any well-made road in this country. The power of England to make investments of labour is less than half of what it was in this country from 1844 to 1847, and less than one-third of what it would now be had the production of coal, and iron, and cotton goods been allowed to increase at the rate at which it was then increasing. Her system tends to the enrichment of the few, and hence there results a show of wealth far, very far, beyond the reality.

The impoverishing effects of the system were early obvious, and to the endeavour to account for the increasing difficulty of obtaining food where the whole action of the laws tended to increase the number of consumers of food, and to diminish the number of producers, was due the invention of the Malthusian theory of population, now half a century old. That was followed by the Ricardo doctrine of Rent, which accounted for the scarcity of food by asserting, as a fact, that men always commenced the work of cultivation on rich soils, and that as population increased they were obliged to resort to poorer ones, yielding a constantly diminishing return to labour, and producing a constant necessity for separating from each other, if they would

* "Altogether it has been calculated that the tribute which India pours into the lap of England is at least equal to three millions sterling."—*Porter's Progress of the Nation*, Vol. iii. p. 354.

† McCulloch's Statistics, Vol. 2, page 75.

obtain a sufficiency of food. Upon this theory is based the whole English politico-economical system. Population is first supposed to be superabundant, when in scarcely any part of the earth could the labour of the same number of persons that now constitute the population of England obtain even one-half the same return. Next, it is supposed that men who fly from England go always to the cultivation of rich soils, and therefore every thing is done to expel population. Lastly, it is held that their true policy when abroad is to devote all their labour to the cultivation of those rich soils, sending the produce to England that it may be converted into cloth and iron, and they are cautioned against any interference with perfect freedom of trade as "a war upon labour and capital."

Colonization is urged on all hands, and all unite in the effort to force emigration in the direction needed to raise up "colonies of customers." It is impossible to read any work on the subject without being struck with the prevalence of this "shopkeeping" idea. It is seen everywhere. Hungary was to be supported in her efforts for the establishment of her independence, because she was willing to have free trade, and thus make a market for British manufactures. The tendency of the Ricardo-Malthusian system to produce intensity of selfishness was never more strikingly manifested than on that occasion.

It happens, unfortunately, that the system is without a base, the fact being exactly the reverse of what it is stated by Mr. Ricardo to be. Throughout the world, and at all periods of time, men have commenced the work of cultivation upon the poorer soils, leaving to their successors the clearing of river bottoms and the draining of swamps; and the increase of population it has been that has everywhere enabled men to subject rich soils to cultivation.* Food, therefore, tends to grow faster than population, when no disturbing causes exist, and in order that the increase of population may take place, it is indispensable that the consumer take his place by the side of the producer. When that is not the case, the inevitable consequence is that the waste of labour is great, and that the perpetual cropping of the land returning to it none of the refuse, exhausts the land and its owner, and compels the latter to fly to other poor soils, increasing the transportation and diminishing still further the quantity of cloth and iron to be obtained in return to a given amount of labour.

We thus have here, first, a system that is unsound and unnatural, and second, a theory invented for the purpose of accounting for the poverty and wretchedness which are its necessary results. The miseries of Ireland are charged to over-population, although millions of acres of the richest soils of the kingdom are waiting drainage to take their place among the most productive in the world, and although the people of Ireland are compelled to waste more labour than would pay, many times over, for all the cloth and iron they consume.† The wretchedness of Scotland is charged to over-

* For a full examination of this question I must refer to my book, "The Past, the Present, and the Future."

† Of single counties, Mayo, with a population of 389,000, and a rental of only 300,000*l.*, has an area of 1,364,000 acres, of which 800,000 are waste! No less than 470,000 acres, being very nearly equal to the whole extent of surface now under cultivation, are declared to be reclaimable. Galway, with a population of 423,000, and a valued rental of 433,000*l.*, has upwards of 700,000 acres of waste, 410,000 of which are reclaimable! Kerry, with a population of 293,000, has an area of 1,186,000 acres—727,000 being waste, and 400,000 of them reclaimable! Even the union of Glenties, Lord Monteagle's *ne plus ultra* of redundant population, has an area of 245,000 acres, of which 200,000 are waste, and for the most part reclaimable, to its population of 43,000. While the barony of Ennis, that abomination of desolation, has 230,000 acres of land to its 5,000 paupers—a proportion which, as Mr. Carter, one of the principal proprietors, remarks in his circular advertise-

population when a large portion of the land is so tied up by entails as to forbid improvement, and almost to forbid cultivation. The difficulty of obtaining food in England is ascribed to over-population, when throughout the kingdom a large portion of the land is occupied as pleasure grounds, by men whose fortunes are due to the system which has ruined Ireland and India.* Over-population is the ready excuse for all the evils of a vicious system, and so will it continue to be until that system shall see its end, the time for which is now rapidly approaching.

To *maintain* it, the price of labour in England must be kept steadily at a point so low as to enable her to underwork the Hindoo, the German, and the American, with all the disadvantage of freight and duties. To *terminate* it, the price of labour in England must be raised to such a point as will prevent that competition and compel her to raise her own food, leaving others to consume their own, and such must be the result of the thorough adoption of the protective system, even by the United States alone.

The cause of the difficulty in which England now finds herself is the unnatural disproportion between consumers and producers. Men are cheap and therefore undervalued. Establish a market for these men, and their value will rise, and such will be the effect in every part of Europe. We have seen that immigration into this country increased in the period between 1830 and 1834, from twelve to sixty-seven thousand; that from that period to 1843 it remained almost stationary; and that in the last four years it has more than trebled. Now, let us suppose that the system of 1828 had been maintained, and that the mining of coal, the smelting and rolling of iron, and the manufacture of cotton and woollen cloths, &c. had gone on uninterruptedly, producing a great demand for labour to be employed in the various branches of manufacture, in the making of roads, the clearing of lands and the building of houses, and that the inducements for emigration to this country had been constantly increasing to such an extent as to cause the

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ment for tenants, "is at the rate of only one family to 230 acres; so that if but one head of a family were employed to every 230 acres, there need not be a single pauper in the entire district; a proof," he adds, "THAT NOTHING BUT EMPLOYMENT IS WANTING TO SET THIS COUNTRY TO RIGHTS!" In which opinion we fully coincide.—*Westminster Review.*

* Poulett Scrope, a member of the British Parliament, has inserted in the London Morning Chronicle seven letters of Notes of a Tour in the United Kingdom, with a view to ascertain whether the labouring population be really redundant. His general conclusion is expressed in these terms:—"I have selected striking illustrations in support of the view I have always entertained, and which is at length obtaining very general acquiescence: namely, that the population of the United Kingdom is not really in excess; that the land is everywhere—even in the most seemingly over-peopled and pauperized districts of Ireland—amply capable of repaying the employment of additional labour to an indefinite extent, if only judicious use be made of it by those whom the law has intrusted with its ownership, and that the law itself be so modified as to encourage, instead of discouraging, improvement, to secure to industry its due reward, and to neglect and mismanagement its fitting punishment."

The notes on Ireland, afford a frightful picture of one of the many evils with which that country is afflicted:

"In Galway Union, recent accounts declared the number of poor evicted, and their homes levelled within the last two years, to equal the numbers in Kilrush—4,000 families and 20,000 human beings are said to have been here also thrown upon the road, houseless and homeless. I can readily believe the statement, for to me some parts of the country appeared like an enormous graveyard—the numerous gables of the unroofed dwellings seemed to be gigantic tombstones. They were, indeed, records of decay and death far more melancholy than the grave can show. Looking on them, the doubt rose in my mind, am I in a civilized country? Have we really a free constitution? Can such scenes be paralleled in Siberia or Caffraria?"

ratio of increase from 1830 to 1834 to be maintained, and see what would have been the result. By the year 1839 it would have reached 300,000, and five years after it would have exceeded a million, and the growth would every year have been more rapid, for the demand for labour would have increased faster than the supply.

Before this time, the flight from Great Britain and Ireland alone would have far exceeded half a million per annum, and what would be the effect of such a state of things may be conceived by those who read the following article which I take from the London *Times*.

The flight of a quarter of a million inhabitants of these islands to distant quarters of the world in 1847, was one of the most marvellous events in the annals of human migration. The miserable circumstances under which the majority left their homes, the element traversed in quest of a refuge, the thousands of miles over which the dreary pilgrimage was protracted, the fearful casualties of the voyage by shipwreck, by famine and by fever, constituted a fact which we believe to be entirely without precedent, and compared with which the irruption of the northern races into southern Europe became mere summer's excursions; but, perhaps the marvel of the event is surpassed this year. The impetus, or rather the combination of impelling causes, no longer exists. It might be supposed that so extensive a drain had exhausted the migratory elements of the nation.

It might also be expected that the countries which last year could not receive the fugitive masses without much difficulty and complaint, would have offered vehement protests against an immediate renewal of the hungry invasion. It is, nevertheless, the fact that the migration of this year is nearly equal to that of the last. The grand total from all the British ports for the first eleven months of last year was 244,251; for the first eleven months of this year, 220,053. Nor do these figures represent the whole truth of the case. They are merely the numbers of those who embarked at ports where there are government emigration officers, and who have passed under official review. Some thousands of the better class of emigrants are not included in the census. There can, therefore, be no doubt that in these two years more than half a million natives of these islands have fled to other shores.

The annual migration, it appears, is now approaching the annual increase of our population, which is vulgarly magnified into a thousand a day, but in fact is not more than about 290,000 in the year. Now, it is not to be imagined for a moment that Great Britain, at all events, has reached the limit of its population. The capital, the stock and the "plant" of the island are continually increasing and have lately increased more rapidly than ever. They also demand more and more hands for their further development. Under ordinary circumstances, therefore, we should be justified in dreading a migration which left the population stationary; and which, with a view to the growing trade and resources of the country, was rather a depopulation than anything else. At all events, the fact suggests that a spontaneous movement of so gigantic a character may well be left to itself, and requires no artificial stimulus. The matter certainly has come to that pass which makes caution the first duty of the state.

It is from Ireland that we draw our rough labour. The Celt—and we are bound to give him credit for it—is the hewer of wood and drawer of water to the Saxon. Can we spare that growing mine of untaught but teachable toil? *The great works of this country depend on cheap labour.* The movement now in progress bids fair to affect that condition of the national prosperity. The United States gain what we lose.

Protection is a measure of necessary defence against a system that tends to lessen everywhere the value of labour, and if applied effectually, the correction will be speedy, and thenceforward trade may everywhere be free. To those who doubt this, I would recommend an examination of the effects that would now result from the abolition of the tariff, and the substitution of free trade for the present imperfect protection. They could not but see that it would close every mill and furnace in the Union, cutting off a demand for 600,000 bales of cotton, and a supply of 700,000 tons of iron. Where then should we sell the one, or where buy the other? The labourer in factories and furnaces would then grow food, but the market abroad for food is

now almost closed*—or cotton, and the market for cotton is already ruined whenever the crop touches the point of two millions and a half of bales. Protection is right or wrong. Free trade is right or wrong. If protection is right, it should be complete and fixed, until no longer needed. If free trade is right, custom-houses should be abolished. Halfway measures are always wrong.

The direct effect of the maintenance of the present system, that of 1846, is to cause renewed efforts on the part of England for engrossing the market of this country, whereas a return to that of 1842, were it made with the approbation and consent of all parts of the Union, would be followed by results that would compel a change of policy. The direct effect of a thorough and complete change in our system would be, that of teaching the whole people of England that if they "expect to be prosperous and happy, they must seek those blessings in the steady pursuit of a British policy—in cultivating domestic resources—in protecting domestic interests—in drawing closely the bonds of concord, strengthened by the ties of mutual dependence among themselves, and abandoning the shadowy and delusive expectation of finding compensation in foreign commerce for the destruction of the springs of domestic consumption."

The harmony of all real interests among nations is perfect. The system of England is rotten and unsound—injurious to herself and to the world. It is the cause of pauperism and wretchedness at home and abroad, and the more effective the measures that may be adopted for the purpose of compelling its abandonment, the better will it be for her and for ourselves. The road to absolute freedom of trade lies through perfect protection.

CHAPTER SIXTH.

HOW PROTECTION AFFECTS COMMERCE.

Commerce is an exchange of equivalents. The greater the number of commodities produced, the greater, other things being equal, will be the number of exchanges. Commerce tends, therefore, to grow with the increase of production.

The machine of production is the earth. The instrument by aid of which it is made to produce is man. To induce man to labour, he must feel confident of obtaining an equivalent; and the larger that equivalent, the stronger will be the inducement to exertion. The more advantageously his powers are applied, the larger will be the production, and the larger the equivalent of a given quantity of labour.

One man raises grain and another sugar. Each desires to exchange with the other, giving labour for labour.

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* The present price of flour in England varies little from $5. What is likely soon to be the price of pork, may be judged of from the following, which I take from the papers of the day.

A London letter, under date of Oct. 12, from a mercantile house extensively engaged in the trade, says: "We have the pleasure to hand you annexed our price current, in which you will see the comparative imports for the last three years; the present year showing an excess of 25,000 packages of American bacon more than the last. The general expectation with us is that prices must be very low the approaching season, from the increase of hogs in Ireland and Germany, and the very great production of hogs and all kinds of meat in this country more than usual. We incline to the opinion that should the same quantity and quality of American come to this market the next, as during the past season, one-half of it will have to be sold for soap purposes. You will have heard that our government contract for pork was taken at 10/ per cwt. less than last year, which we think is a pretty fair criterion of the market."

The quantity of grain that must be given for sugar is dependent upon the quantity of both produced. If the season be favourable for the first, the crop will be large. If unfavourable for the second, the crop will be small. Much grain will then be given for little sugar, and *vice versa*, if the season be favourable for sugar and unfavourable for grain, much sugar will be given for little grain. In either case both parties suffer, and commerce is diminished. Each is therefore directly interested in doing whatever may be in his power to increase the returns to the labour of his neighbour, and thus increase the extent of commerce.

To increase production is, then, to increase commerce. By ascertaining the circumstances which tend to limit the one, we shall ascertain those which tend to limit the other. To do so, it is needed only to call to our aid a few simple laws that may be found in any treatise of natural philosophy. They are these:—

First. The greater the power, other circumstances being equal, the greater will be the effect.

The producer of food labours every day and all day. The producer of sugar labours but three days in the week. The quantity of food produced is large and that of sugar small. The food-producer gives much food for little sugar—much labour for little labour.

What is true of individuals is equally true of communities. If the community of food-producers work every day, and that of sugar-producers but three days in the week, the whole of the first will be taxed because of the indolence of the last, and commerce will be diminished. If the whole community of food-producers work every day, and one half of that of iron-producers do not work—or if they apply their labour to other works than those of production—the quantity of iron produced will be small, and much food will be given for little iron. If the food-producing community could induce the workers in iron to labour every day and all day, there would be more iron to be given for food, commerce would be increased, and all would profit thereby. By what means could this be accomplished? To ascertain this, we must inquire the causes of their working so little. Doing so, we might find that among them there was a large proportion perfectly able to labour productively, but unwilling so to do; that some of them employed themselves in carrying muskets, casting cannon, building forts and palaces, constructing ships of war and sailing in them; and that others did nothing except so far as they were employed in devising modes of enabling them, out of the labour of others, to support themselves and those employed in the various operations to which I have referred; and that hosts of others were employed in carrying back and forth the products of the lands of others, and keeping accounts of what they did, and that thus one half of the community produced nothing, while consuming much. The other half we might find to consist of men who were sometimes willing to work but not able, having no work to do, and at others able but not willing, because of the small equivalent obtained, by reason of the necessity for contributing so large a portion of their earnings to the support of those who carried the muskets, built the ships and kept the accounts; and the result might be, that we should find that, although the food-producers gave much, the iron-producers received little, the principal part being swallowed up by the intermediate men, who consumed much while producing nothing. It is obvious that if all worked, there would be three times as much iron produced, that commerce would be increased, and that the producer of food would obtain far more iron as the equivalent of far less food. The food-producing community is therefore contributing largely towards the support of those of the iron-producing one who are able to work and not willing to do so; and their condition will be improved if they can induce those who are able

and willing to work to come forth from among those who are neither able nor willing, leaving the latter class to produce food and iron for themselves. The amount of power to be applied will be increased, and the product will be greater, while there will be fewer among whom to divide it. The return to labour will be larger, and the power of accumulation will be increased.

Second. The more directly power is applied, the greater is its effect.

The producers of food and iron are distant from each other, and the labour required for effecting their exchanges is great. The one obtains his iron by the indirect process of raising food for distant men. The other obtains his food by that of making iron for distant men, and many horses and wagons, ships and men, stand between them. The friction is great and production is small. The equivalents to be exchanged are few in number, and commerce is limited. The equivalent of a day's labour in either food or iron is small. If the producer of iron could draw near to the producer of food, the number of horses and wagons, ships and men, standing between them, would be diminished, and the number of producers would be increased. The equivalents to be exchanged would increase in number, commerce would grow, and the equivalent of a day's labour would be greater.

Third. The more steadily power is applied, the greater is its effect. At one moment the wind blows a gale, while at another there is a calm. The steam-engine works every day and all day, and although the amount of power applied is less, the voyage is made in shorter time. To secure the steady application of power, the air-chamber is provided, and the force produced by the action of the piston-rod is by its aid distributed over the whole period intervening between the strokes.

The producer of food is often idle. At other times he is moderately employed. In harvest times he is hurried, and he loses part of his crop for want of aid. If he could have the equivalent of an air-chamber, by aid of which his efforts could be divided over the year, the return obtained for his labours would be largely increased.

The producer of iron may labour at all seasons, but a large portion of his work—the mining of coal and ore—may be done in advance, and when he has a stock on hand he can suspend his operations for a season. If the producer of food could induce him to come and labour in his vicinity, he could at one period of the year help him to mine or transport ore and fuel, and the other could, at another period, aid him in gathering his crop. The first could then cultivate more land, and the equivalent of labour, in both food and iron, would be increased, and commerce would grow in extent with the increase of equivalents to be exchanged.

Fourth. The more perfect the machinery the smaller will be the quantity required, the less will be the friction, and the greater will be the effect. The iron wheels of the engine encounter little friction in passing on the iron rail, and the force of a man's hand moves tons, where, if applied to a cart-wheel, it could not move a hundred.

The producer of food obtains from the distant iron man small supplies of iron as the equivalent of large quantities of food. He is therefore obliged to use wood where he would desire to use iron. The friction is great, and labour is unproductive. The equivalent of a day's labour is small. If he could induce the iron man to come near him, the equivalent of labour would be largely increased, and he could use iron in place of wood.

Fifth. The more enduring the machinery, the smaller will be the quantity of labour required for its reproduction, and the greater will be the quantity that may be given to the production of further machinery. The wooden post rots, and must be replaced. The iron one endures almost for ever.

The producer of food, distant from the producer of iron, builds ships, and

fences his land with wooden posts. Much of his time is occupied in repairing and renewing them. If he could induce the producer of iron to live near him, he would assist in building furnaces, and might then use iron posts: and then labour that would otherwise be employed in renewing old, might be given to creating new machinery of other kinds, to aid in the work of production, and the equivalent of a day's labour would be increased.

We see, thus, that the larger the quantity of labour, and the more directly and steadily it is applied, and the more perfect and enduring the machinery by which it is aided, the larger is the return to labour, and the greater the number of equivalents to be exchanged.

Let us now suppose, first, that one community has it in its power to monopolize the production of iron, and that of its members many spend all their time in idleness, while others are but occasionally employed—that many spend their time in carrying muskets on their shoulders, while very many are dissolute and drunken—and that the result is, that the quantity of iron produced is but one half or one-third of what it would otherwise be. Commerce is but an exchange of equivalents, and the quantity of food that must be given for a ton of iron is double what it would otherwise be. It is obvious that the food-producing community is taxed for the support of the idle and worthless members of the iron-producing community.

Second. That, in addition to all this, the iron-producing community is thus enabled to compel the food-producing community to be idle, when their labours are not needed on the farm, and to lose their crops for want of aid in harvest. It is obvious that here is a second tax imposed for the support of the non-workers among the producers of iron.

Third. That the scarcity of iron compels the food-producing community to use wagons and common roads when they might have railroads, and to give to the work of transportation ten days' labour instead of one. Here, again, we have a tax imposed for the support of the non-workers among the producers of iron. The food-producers are compelled to transport their products to a distance, and deprived of the power to make roads by which to do it.

Fourth. That the producers of food are compelled to employ more labour in building ships and wagons, and other perishable machinery, than would have been sufficient to build the furnaces and rolling mills, enduring machinery, required to give them all the iron they consumed. Here we have a fourth tax imposed for the support of the non-workers among the producers of iron.

Each one of these operations tends to diminish the number of equivalents that may be exchanged, the number of exchanges made, and the equivalent of a day's labour, in food, iron, or other of the comforts or conveniences of life, and the result is, that the product of labour is scarcely one-fifth of what it would be, were all productively employed.

These things premised, we may now examine the working of the colonial system.

Colonists are men who work. Of those who remain behind, a large portion do not work. Some live in poor-houses, and others in palaces. Some dance and sing, and others carry muskets. Some build ships of war, and others sail in them. The producers are few. The non-producers are many; yet they must eat, drink, wear clothing, and have houses, and these things must be provided for them by those who work. If all worked, the quantity of iron produced would be large, and those who produced food would get much iron in exchange. As few desire to work, and all must eat, the colonial system was invented for the purpose of compelling colonists to give much food and wool for little iron. The consequence has been everywhere the same.

While thus taxed for the maintenance of the money-spending classes, the colonists everywhere have been compelled to waste much labour, to work with poor machinery, and to give more of the products of labour for the use of that which is perishable than would have produced that which would endure almost for ever. Production is small. The equivalents to be exchanged are diminishing in number. Commerce is perishing.

The Irishman is compelled to waste much labour.* He works with poor machinery. He gives half the product of his labour for the use of wagons and ships. He eats his crop of potatoes, and goes in rags. He has nothing to exchange.† He flies to America, and the number of exchanges to be made in Ireland, and from Ireland, is thus diminished.

The Hindoo flies from the valleys and plains to the hills, that he may escape from the system. Arrived at the hills, he finds no demand for his labour but in the cultivation of his little piece of land. He works with poor machinery, and his miserable product of fifty pounds of cotton to the acre is transported to Manchester, thence to be returned to him in the form of cloth, getting one pound for ten; and thus giving nine-tenths of his labour for the use of ships and wagons, perishable machinery, when one-fifth would have done the work at home, could he have had permanent machinery. He flies again, or he dies of famine and pestilence, or he sells himself as a slave, to go to Demerara; and thus is the number of the exchanges of India, and from India, diminished.

Men are everywhere flying from British commerce, which everywhere pursues them. Having exhausted the people of the lower lands of India, it follows them as they retreat towards the fastnesses of the Himalaya. Affghanistan is attempted, while Scinde and the Punjaub are subjugated. Siamese provinces are added to the empire of free trade, and war and desolation are carried into China, in order that the Chinese may be compelled to pay for the use of ships, instead of making looms. The Irishman flies to Canada; but there the system follows him, and he feels himself insecure until within this Union. The Englishman and the Scotchman try Southern Africa, and thence they fly to the more distant New Holland, Van Diemen's Land, or New Zealand. The farther they fly, the more they must use ships and other perishable machinery, the less steadily can their efforts be applied, the less must be the power of production, and the fewer must be the equivalents to be exchanged, and yet in the growth of ships, caused by such circumstances, we are told to look for evidence of prosperous commerce!

The British system is built upon cheap labour, by which is meant low

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* In 1842, three years before the potato rot, Ireland was thus described by an English traveller: "Throughout the south and west of Ireland, the traveller is haunted by the face of the *popular starvation*. It is not the exception—it is *the condition* of the people. In this fairest and richest of countries, men are suffering and *starving by millions*. There are thousands of them, at this minute, stretched in the sunshine at their cabin doors with *no work*, scarcely any food, no hope seemingly. Strong countrymen are lying in bed, '*for the hunger*'—because a man lying on his back does not need so much food as a person a-foot. Many of them have torn up the unripe potatoes from their little gardens, and to exist now must look to winter, when they shall have to suffer starvation and cold too."—*Thackaray. Irish Sketch Book.*

† People with whom starvation is "the condition" of life, consume little of that clothing which England furnishes in exchange for so much labour.

"Everywhere, throughout all parts, even in the best towns, and in Dublin itself, you will meet men and boys—not dressed, not covered—but hung round with a collection of rags of unrivalled variety, squalidity, and filth—walking dunghills. * * * No one ever saw an English scarecrow with such rags."—*Quarterly Review.*

Transferred to this country, every one of these men would become a large consumer of food and cotton, and thus commerce would be increased.

priced and worthless labour.* Its effect is to cause it to become from day to day more low priced and worthless, and thus to destroy production upon which commerce must be based. The object of protection is to produce dear labour, that is, high-priced and valuable labour, and its effect is to cause it to increase in value from day to day, and to increase the equivalents to be exchanged, to the great increase of commerce.

The object of what is now called free-trade is that of securing to the people of England the further existence of *the monopoly* of machinery, by aid of which Ireland and India have been ruined, and commerce prostrated. Protection seeks *to break down this monopoly*, and to cause the loom and the anvil to take their natural places by the side of the food and the cotton, that production may be increased, and that commerce may revive. How far it has tended here to produce that effect we may now examine.

Prior to the passage of the tariff of 1828, our exchanges of iron amounted to only 25 pounds per head. By 1832 they had increased to 46 pounds per head. Commerce thus had grown. From 1834 to 1841, they averaged 45 pounds per head. Commerce was stationary. In 1841 and '42, it fell to 38 pounds. Commerce had fallen with what was called free-trade. From 1844 to 1847, the equivalents of iron to be exchanged had increased to 97 pounds per head. Commerce had grown with protection. They are now 73 pounds per head. Commerce has fallen with the diminution of protection. If we turn now to coal, cotton, woollens, ships, or railroads, similar facts meet us everywhere. The number of exchanges grows with the system that looks to the elevation of the labourer. It diminishes with that which looks for its growth to the depression of the labourer. The interests of commerce are therefore in perfect harmony with those of manufactures and agriculture.

The one system repels population. The other attracts it, and hence it

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* The poor silk weaver described in the following paragraph, which I take from the London *Spectator*, is the type of the system. He works so 'cheap' that he starves the poor Hindoo, and then starves himself. "His case *would not* be cured by protection." What he needs is the transfer of his labour from what is here called "production," but what is really only the conversion of the products of others, to that only thing which can be called production, and which consists in an increase of the *quantity* of commodities to be consumed. He merely changes their form from silk to silken cloth. Were his labours employed on any of the many millions of rich yet waste land within the kingdom, he would obtain more and better food, at less cost of labour. He could then feed better, and have more to offer in exchange. Commerce would then grow.

"Nearer to us, in the outlying parts of the metropolis, the traveller of 'The Morning Chronicle' describes regions where the people are hopelessly contending with a system of industry that is fostered by commerce, because it yields 'profit,' and is peopled, because it sometimes yields subsistence—the means of keeping body and soul together, though not always that. We know that the describer does not exaggerate. Many and many a man toils, with others of his family, from dark before the dawn until far into the next night, as long as human endurance will last, and *then* the produce of their industry falls short of subsistence. You say, 'it is a decaying trade.' It is not a decaying trade: read 'The Morning Chronicle,' and see how the workman makes silk which, in spite of free trade, not only beats the Frenchman out of the market, it is so good and so 'cheap,' but is further cheapened to bribe customers with reductions of prices filched from the wages of the miserable workman. Protection would not cure that man's case. Go round the district, stranger to you than Brussels, Lyons, or Genoa, and survey the dull, level aspect of poverty over all—poor workpeople, poor small tradesmen—a town of back streets. See the number of shops dealing in articles at second hand—not merely pawn-shops, but small clothes-dealers, traders in shop-marked stationery, dealers in apples that have seen better years in happier regions; the very grocery looks window-stained. Production, production, in a ceaseless round, but not enough subsistence for that sad nation; many things made and sold, and resold, but too few of them things to eat."

is that we see the whole people of Europe anxious to reach our shores. Abolish protection and immigration will cease, and commerce will diminish, for there will be less cloth and iron to be exchanged against labour. Make protection perfect and permanent, and immigration will increase rapidly, for there will be more cloth and iron to be exchanged against labour.

Were Ireland this day free, she would establish protection and thus arrest emigration. Food, and cloth, and iron, would become more abundant, and commerce would grow. Were Canada independent, she would establish protection, and then she would retain the immigrant coming from Ireland or England. Were India independent, she too would establish protection, and then the culture of cotton would be resumed on the rich lands of Bengal. In all these cases production would be increased, and the power to maintain commerce would grow. The people of the United States are the best customers to the people of England, because they are in some degree protected against the exhaustion consequent upon the existence of their system. Ireland cannot buy, and she is reduced to beg. Were she independent she would make iron, and then she could buy fine cloths, silks, books and pictures. The well-understood interests of all nations are in perfect harmony with each other.

The object of free trade is proclaimed to be the increase of commerce, but commerce withers under it. Ireland now consumes a pound of cotton per head. Transfer an Irishman here, and he will consume a dozen pounds, and 700,000 of her people would make more trade between the producers and consumers of cotton than is now maintained with the whole eight millions of Ireland. Were she free, she would adopt protection, and trade would grow, for she would then need six pounds per head. The commerce of the *Zollverein* has grown with protection. The people of Germany now consume two pounds of cotton where before they consumed but one. The commerce of India diminishes with every approach to what is called free trade. The producers of cotton on the lower lands of Bengal could have, as the equivalent of a day's labour, quadruple the iron that can be obtained now that the cultivator of that commodity has been driven to seek the high and poor lands.

The free trader, so called, says to the farmer, "You can have English iron in New York for thirty bushels of wheat, but you must hand over to the Treasury ten bushels for permission to make the exchange. If you take a ton of American iron, you must give to the producer of it forty bushels, and thus are you taxed ten bushels for the support of the iron man." Abolish protection and we shall have more food to sell abroad and more iron to buy abroad, and will need more wagons and ships, and it will then take sixty bushels of wheat—perhaps even one hundred—to pay for a ton of iron. The quantity to be exchanged will then fall to 20 pounds per head, and commerce will be diminished.

The farmer has his choice between giving *thirty* bushels for the support of the people who dance and sing and live in palaces, and that of those who carry muskets, or *ten* for the maintenance of the government under which he lives. The more he gives to the first, the more and the longer he must continue to give, the poorer he must grow, and the less will be the power to maintain commerce. That such is the case will be obvious from an examination of facts given in the last chapter. In the years from 1827 to 1834, 275,000,000 pounds of cotton would have purchased 1,250,000 tons of iron. In 1845–6, 600,000,000 were required to pay for 1,200,000 tons. What became of the difference? Were the English miners better clothed? On the contrary, it was but little before that time that it

was made known to the world that males and females worked together in the mines, absolutely naked. Was the condition of the people better? On the contrary, Ireland was fast becoming a great poor-house, and the poor-rates of England were fast advancing to the point they have now attained, that of £8,000,000 per annum. What then went with the difference? The question may be answered by pointing to the vast increase of public expenditure in the last fifteen years, during which the number of men who carry muskets and build ships of war has been so largely increased; to the innumerable and expensive commissions for ascertaining the causes of distress and pauperism; to the great fortunes of bankers and successful speculators; to men like Hudson, the rail-road king; to the large number who have in the late railroad speculation realized immense fortunes, as engineers, solicitors, counsellors and parliamentary agents, and to the host of others who fatten on the people. The productive power is diminishing, and the few become greater as the many become less. With every step in the progress of the latter, the power to maintain commerce diminishes, for the people become poorer, and the power to produce commodities to be given in exchange becomes more and more limited.

Whatever the occurrence that tends to diminish production, whether wars or revolutions, the increase of armies and fleets without the actual occurrence of war, or the increase of inequality, the few becoming richer and the many poorer, the effect is to impose a tax upon the consumers of the commodity the production of which is thus restrained. Under a system of real freedom of trade the chief portion of this tax would be paid by the actors themselves, for the immediate effect of such occurrences would be that of stimulating other nations to increased exertions to fill the vacuum that had been created. Under the system which gives to one nation a monopoly of the machinery for converting the products of other nations, a large portion of the tax may be, and is thrown upon them, and thus are they made to contribute largely towards the maintenance of all that class, poor and rich, who prefer to live by the labour of others.

We have seen that the quantity of cotton consumed in 1845 and '46 averaged 596,000,000 pounds, that the price of gray cloth was 6*s.* 7*d.*, and that 34,700,000 pieces delivered in Liverpool would have been required to pay for the cotton also delivered in Liverpool—all freights, charges, &c., being thus left for the planter to pay.

The average work of operatives in this country would be the conversion of 4000 pounds of cotton into cloth of this description. In England, we may set it down at 3000, and this would require 200,000 to convert the whole quantity. Allowing them to average even £30 each,* the wages would amount to £6,000,000, and the product would be 92,000,000 of pieces, 35,000,000 of which would pay for the cotton, leaving 57,000,000

Worth	£19,000,000
From which deduct the labour performed, say,	6,000,000†
And there remain for interest, profits, &c., .	£13,000,000

In order that large profits be realized, it is necessary that the price of the raw material be kept low; a state of things which results necessarily from the quantity requiring to be converted bearing a large proportion to the machinery prepared for its conversion. The mode of accomplishing this is simple. The first indication of a tendency to rise in the price is met by

* The result of careful inquiry, in 1833, gave 10*s.* 5*d.* as the average of operatives, male and female, mechanics, engineers, &c. This would be £27, 1*s.* 8*d.* for the year.

† This is 2⅝*d.* per pound, which is much more than the truth.

working short hours, the effect of which is to diminish the wages of labour to a point so near the cost of food and rent, and taxes on both, that the power of purchasing clothing is almost destroyed; and therefore it is that we see such prodigious changes in home consumption whenever a small rise of prices takes place. The stock begins to accumulate, and with its accumulation the price falls. Mills again run full time, and so they continue until another rise takes place, when the same operation is performed, as is at this moment being the case.

The exchanger, owner of machinery, thus stands between the labourer who produces, and the labourer who consumes the cotton, fixing the price for both, and taking for himself the largest share; and thus it is that men accumulate colossal fortunes, while surrounded by men, women, and children living in poverty and clothed in rags.* Of the burden thus thrown upon

* Rothschild may be taken as the type of the whole system, and the following notice of him and of his modes of taxing those by whom he was surrounded, furnishes a picture of the speculators of every kind, in England, who live at the cost of the labourers of the world :—

"The name of Nathan Meyer Rothschild was in the mouths of all city men as a prodigy of success. Cautiously, however, did the capitalist proceed, until he had made a fortune as great as his future reputation. *He revived all the arts of an older period.* He employed brokers to depress or raise the market for his benefit, and is said in one day to have purchased to the extent of four millions. The name of Rothschild as contractor for an English loan made its first public appearance in 1819. But the twelve millions for which he then became responsible went to a discount. It was said, however, that Mr. Rothschild had relieved himself from all liability before the calamity could reach him. From this year his transactions pervaded the entire globe. The Old and the New World alike bore witness to his skill; and with the profits of a single loan he purchased an estate which cost £150,000. Minor capitalists, like parasitical plants, clung to him, and were always ready to advance their money in speculations at his bidding. Nothing seemed too gigantic for his grasp; nothing too minute for his notice. His mind was as capable of calculating a loan for millions as of *calculating the lowest possible amount on which a clerk could exist.* Like too many great merchants, whose profits were counted by thousands, *he paid his assistants the smallest amount for which he could procure them.* He became the high-priest of the temple of Janus, and the coupons raised by the capitalist for a despotic state were more than a match for the cannon of the revolutionist.

"From most of the speculations of 1824 and 1825, Mr. Rothschild kept wisely aloof. The Alliance Life and Fire Assurance Company, which owes its origin to this period, was, however, produced under his auspices, and its great success is a proof of his forethought. None of the loans with which he was connected were ever repudiated; and when the crash of that sad period came, the great Hebrew looked coldly and calmly on, and congratulated himself on his caution. At his counting-house, a fair price might be procured for any amount of stock, which, at a critical time, would have depressed the public market; and it was no uncommon circumstance for brokers to apply at the office of Mr. Rothschild, instead of going in the Stock Exchange. He has, however, been occasionally surpassed in cunning; and on one occasion a great banker lent Rothschild a million and a half on the security of consols, the price of which was then 84. The terms on which the money was lent were simple. If the price reached 74, the banker might claim the stock at 70; but Rothschild felt satisfied that, with so large a sum out of the market, the bargain was tolerably safe. The banker, however, as much a Jew as Rothschild, had a plan of his own. He immediately began selling the consols received from the latter, together with a similar amount in his own possession. The funds dropped; the Stock Exchange grew alarmed; other circumstances tended to depress it; the fatal price of 74 was reached; and the Christian banker had the satisfaction of outwitting the Hebrew loanmonger. But, if sometimes outwitted himself, there is little doubt he made others pay for it; and, on one occasion, it is reported that his finesse proved too great for the authorities of the Bank of England. Mr. Rothschild was in want of bullion, and went to the governor to procure on loan a portion of the superfluous store. His wishes were met; the terms were agreed on; the period was named for its return; and the affair finished for the time. The gold was used by the financier; his end was answered, and the day arrived on which he was to return the borrowed metal. Punctual to the time appointed, Mr. Rothschild entered; and those who remember his personal appearance may imagine the

the planter much goes to the payment of taxes for the maintenance of those who are reduced by the system to a state of pauperism—much to the government, which taxes every note, bill or bond—servants, horses, carriages, &c. &c. Vast sums go to the maintenance of lawyers and conveyancers, to that of stock-gamblers and speculators, and much is lost by failures of every kind, the natural results of a gambling trade. The result is, that the cotton which yields the planter, on his plantation, but five cents per pound, and is sold in Liverpool at four-pence halfpenny per pound, is sold by the mill owner at a shilling,* and yet the reward of the labour employed in converting it into cloth is not two-pence, and probably little more than a penny per pound. It is so obviously the interest of mill owners to obtain large allowances for the use of machinery, that it cannot be doubted they will continue to pursue this course, and to make every effort that may be necessary to continue to themselves the control of the cotton market. That control depends upon continuing the monopoly of machinery; and the moment that monopoly shall be broken up, and machinery shall become so abundant elsewhere as to relieve the planter from the necessity for *seeking* a market, the power of taxation will pass away, cloth will be cheap, consumption will be trebled, and the producer will grow rich.

We may now, for a moment, look to the manner in which the sugar-planter is taxed. The quantity of sugar entered for home consumption in 1847 was 5,800,000 cwt., and the average price was about 25*s.* per cwt., of which at least one-fourth, and very probably one-third, went to pay the cost of transportation in and from India, the Isle of France, Brazil, Cuba, Jamaica, &c., storage, commission, &c.

Allowing it to have been three-tenths, the planter had at his command about £5,000 000

The price of iron was £9, 12*s.* and if we now add to this for the transportation to Cuba, Brazil, India, &c., and from the port to the plantation, only £1, 8*s.* we have £11 as the cost of a ton, at which rate 450,000 tons would amount to £4,950,000 and if the account were more accurately made up, it would not probably amount to 400,000 tons.

To add that quantity in a single year to the product of iron in this country, would not require the slightest exertion, and yet we see here that in return for it, small as it was, England obtained, in 1847, more than one-fourth of the products of the labour of all the sugar-producing countries of the globe! A very slight examination of this statement will show in what manner the people of the world are taxed for the maintenance of iron-manufacturers, railroad speculators, and the host of middle-men, with whom England so much abounds. Her producers are few, and her consumers are many, and the materials for their consumption are obtained by means of a system of taxation the most extraordinary that the world has yet seen.

The object of protection is not only to rescue ourselves from the necessity of contributing to the maintenance of such a system, but also to facilitate the process of emigration from lands so taxed, adding to the value of the people who remain, by diminishing the supply of men in market, and com-

cunning twinkle of his small, quick eye, as, ushered into the presence of the governor, he handed the borrowed amount in bank notes. He was reminded of his agreement, and the necessity of bullion was urged. His reply was worthy of a commercial Talleyrand. 'Very well, gentlemen. Give me the notes. I dare say your cashier will honour them with gold from your vaults, and then I can return you bullion.' To such a speech, the only worthy reply was a scornful silence."

* The piece which sold at 6*s.* 7*d.* required to produce it about 6½ pounds of cotton The price was thus almost exactly a shilling per pound.

pelling those who desire to purchase labour to give for it the proper equivalent in food and raiment, which now they do not. With every step in that direction, their power to produce iron and to consume food and clothing must grow, and the power to maintain commerce must increase.

We have seen that iron was much more costly in 1845–6 than from 1827 to '34. In opposition to this unquestionable fact, the late Secretary of the Treasury asserted that, "experience proves that from improved machinery, new inventions and reduced cost of production, the foreign articles are constantly diminishing in price."* In opposition to this we have the fact that not only was iron higher but cotton was lower. The man who gave two pounds of cotton in 1845–6 for less iron than he could have had in 1833–4 for one, found that the price of iron was increasing and not diminishing, and that it was far more difficult than in the former period to obtain what he needed for the construction of machinery. His wages in iron were thus reduced, and his power to accumulate capital was reduced; whereas, if he had made his exchanges on the spot with the producer of iron, both would have grown. Nevertheless we are told by the same authority that the necessary consequence of the protective system is, that "wages throughout the country became lower than before, because the aggregate profits of the capital of the nation engaged in all its industry is diminished."† It is deemed most profitable to trade with those nations whose labour is low, and the lower it is "the greater is our gain in the exchange." The labour of Great Britain is lower than it was fifteen years since, because it is less productive, and the less her people produce, the less they have to give us in exchange for our products; the consequence of which is, that we give more cotton for less iron. If all the people of England were to work, they would produce far more cloth and iron; wages would then rise, and the equivalent of a bale of cotton in iron would be doubled. The more productively the people of the world are employed, the greater will be the value of their labour, and the larger will be the quantity of good things that we shall obtain in exchange for our labour. The larger their armies, the more destructive their wars, the more numerous their revolutions, the more their money-spending classes, paupers and noblemen, abound, the smaller will be the value of labour abroad, the smaller will be their power to maintain commerce, and the smaller will be the advantage to those who trade with them; for the less silk or iron they produce, the more food or cotton must be given them as the equivalent of similar quantities.

The document to which I have above referred belongs to the school of discords; that which teaches to buy in the cheapest and sell in the dearest market, and sees great advantage to be gained by reducing the cotton of the poor Hindoo to a penny a pound, careless of the fact that famine and pestilence follow in the train of such a system. The policy that produces a *necessity* for depending on trade with people who are poorer than ourselves tends to reduce the wages of our labour to a level with theirs, and to diminish commerce. That which should give us *power* to trade with nations who might be richer than ourselves would tend to raise our wages to a level with theirs. By bringing the Irishman here, and enabling him to make his exchanges with us, we raise him to our level as a producer. By exporting our people to Ireland, and compelling them to make their exchanges there, we should sink their wages to a level with those of that country. The policy that brings people here and raises them in the scale of civilization, is that which promotes commerce. That which causes them to return home, and thus arrests the tide of immigration, preventing advance in civilization, is the one which diminishes commerce.

* Report, December, 1848 † Ibid.

CHAPTER SEVENTH.

HOW PROTECTION AFFECTS THE QUANTITY AND QUALITY OF THE MACHINERY OF PRODUCTION.

The object sought to be accomplished is the improvement of the condition of man. The mode by which it is to be accomplished is that of increasing his productive power. The more food a man can raise, the more and better food may he consume, and the larger will be the surplus that can be appropriated to the purchase of clothing, to the education of his family, to the enlargement of his house, or to the improvement of his machinery, and the greater will be the amount of leisure that can be appropriated to the improvement of his modes of thought.

The better his machinery, and the more readily it can be obtained, the larger will be his production. Machinery consists chiefly of iron, and the more readily that can be obtained, the more rapid will be the increase of production and the improvement of the physical, moral, intellectual and political capacities of man. It is the great instrument of civilization.

The more durable his work, the more rapidly will his capital increase. Where iron is abundant it is substituted for wood in the building of houses, which are thus secured from fire, and in the construction of ships and roads, by which transportation is improved—and with each such step his powers of production are increased.

That he may obtain iron readily, he must have the command of fuel, obtainable at moderate cost of labour—in other words, cheaply—for things are cheap or dear not in proportion to their money-price, but to the quantity of labour required for obtaining them. The money-price of grain, in Ireland, is less than in England, yet the cost in labour is so great that the poor cultivator eats still poorer potatoes. The money-price of coal is less than it was two years since, yet the consumption has diminished, because the labour-price has risen. The money-price of cotton in those parts of India in which it is raised, is about two cents per pound, yet the man who raises it covers his loins with a rag, dispensing with clothing for the rest of his body, because the labour-price of cloth is great. Where production is small, the labour-price of commodities is high, and consumption is very small; and *vice versa*, where production is large, the labour-price of commodities is low, and consumption is great.

Large production requires good and cheap machinery, and that we may obtain such machinery, we must have good and cheap fuel. Abundance of fuel and iron are the foundation upon which civilization must rest, and whatever the course of policy that tends most to facilitate their acquisition, that is the one which must tend most rapidly to augment the productive power of man, and to increase his power and his capacity for improvement.

Iron ore and fuel exist throughout this country in such profusion as is elsewhere unknown. Nowhere in the world can they be so readily obtained—nowhere so easily brought into combination with each other. The anthracite of Pennsylvania is the best fuel in the world, and it can be mined as cheaply as any other. It is interstratified with iron ore in great abundance. Limestone abounds close to the great Schuylkill region, and it may be obtained with as little labour as anywhere in the world. The ores and fuel of Ohio and the West are thus described :—

The beds of ore are easy of access, being and associated with materials necessary for its reduction, cannot fail to be of immense sources of wealth. Most of the working-beds of ore are above the first workable bed of coal. The amount of workable ore in Muskingum county is estimated at 153,600,000 cubic yards, which, when melted, will yield about

half that number of tons, in pigs. We need not now speak of localities. Mr. Briggs closes his report on iron ore as follows:—"A very low calculation of the amount of good iron ore in the region which has this season been explored, is equal to a solid, unbroken stratum, sixty miles in length, sixty miles in width, and three feet in thickness. A square mile of this layer, being equivalent in round numbers to three millions cubic yards, when melted, will yield as many tons of pig iron. This number, multiplied by the number of square miles in the stratum, will give 1,080,000,000 tons; which, from three counties alone, will yield annually, for 2700 years, 400,000 tons of iron—more than equal to the greatest amount made in England previous to the year 1829."—*Ohio Paper.*

The country bordering on Carp River (Lake Superior) is, perhaps, the richest on the globe for its iron ore. The "Jackson Iron Company," whose location we had the pleasure of visiting, is situated some twelve miles from the Lake Shore, and about three miles from the iron mountains. One of these mountains belongs to the above-named company, and the other to the "Cleveland Iron Company." These two mountains, as we were informed, are by far the richest and most valuable of any iron deposit that have been discovered—though it is said that more or less iron ore is found spread over some seventeen or eighteen townships between Lake Superior and Green Bay. This ore contains from 75 to 90 per cent. of pure iron, and metal made from it by the Jackson Company has been submitted to the severest tests, and proves to be of the very best quality of iron that is made in any part of the world, having been drawn down to the size of No. 36 wire. The Jackson Iron Company (under the superintendence of P. M. Everett, Esq., who we now understand leaves, and is succeeded by Czar Jones, Esq., of Jackson) has been making iron for some twelve or eighteen months.—*Lake Superior News.*

Such being the case, we might suppose that the consumption of fuel and iron would be great, but such has not been the case.

In 1810, the domestic manufacture amounted to only 50,000 tons. In 1828, it had reached 100,000. In 1818, '19, '20, it may perhaps have reached 70,000, but even that is very doubtful. The total importation of bar and pig iron in those years was 40,000 tons, or 13,333 per annum. The import of manufactured articles of iron may have been half as much, and this would give a consumption of 90,000 tons, or 200,000,000 of pounds for a population of 9,400,000 persons, being a little over 20 pounds per head. The average consumption of the Union for all purposes, for house-building and ship-building, for agricultural implements, and for machinery of every description, was equal, therefore, to little more than twice the weight of an axe per head per annum, and yet there existed, as there now exists, a capacity to produce iron at less cost of labour than anywhere in the world. If we desire now to understand the cause of this, it may be found in the fact that up to the Revolution, the manufacture of iron, even that of horse-shoe nails, was prohibited, and there existed no inducement to erect works for the smelting of the ore, when the pig could not be used. The consequence was, that it did not grow with its natural growth, while that of England was forced forward, and when the day of nominal independence arrived, that of real independence was still far distant. Under the various tariffs from 1789 to 1812, the duties were ad-valorem, commencing with 7½ per cent. and gradually rising until they had attained, before the war of 1812, 17½ per cent. The production of iron had made no progress, and the whole supply had to be sought abroad, the consequence of which was that it was scarce and dear. Embargo, non-intercourse, and war raised the price so high that furnaces were built in considerable numbers; but with the peace, the duties on manufactured iron were reduced to 20 per cent. The demand for pig iron was thus diminished, and the price in Pittsburgh, which had been $60, fell in 1820 and 1821 to $20, the consequence of which was the ruin of nearly all engaged in its production. This, however, was not a consequence of reduction of duty. At that very time the duty on pigs was $10, and on bars $30 per ton, and thus the selling price at that place was *far less than the freight and duty on imported iron.* Iron was nominally cheap, but

really dear: so dear that consumption was destroyed. Labour was at $6 per month, and wheat sold for 25 cents a bushel, and thus was produced so total an inability to consume this most necessary of all commodities, that although the furnaces were closed, the whole import of pig and rolled iron in 1821, was but 4000 tons, or one ton to every 2,500 persons. It may be doubted if the consumption of that year exceeded six pounds per head. We see thus that the power to import disappeared with the power to produce, as has already been shown to have been the case on other occasions.

Who, now, were the losers by the greatly increased difficulty of obtaining this great instrument of civilization? To answer this question, we must first inquire who are the great consumers of iron? The farmers and planters constitute three-fourths of the population of the nation, and if the loss were equally distributed, that portion of the loss would fall upon them; but we shall find upon inquiry that it is upon them, the producers of all we consume, that the whole of it must fall.

The farmer needs iron for his spades and ploughs, his shovels and his dung-forks, his trace-chains and horse-shoes, and his wagon-wheels; for his house, his barn, and his stable. He needs them, too, for his timber. If iron be abundant, saws are readily obtained, and the saw-miller takes his place by his side, and he has his timber converted into plank at the cost of less labour than was before required to haul the logs to the distant saw-mill. He obtains the use of mill-saws cheap. If iron be abundant, the grist-mill comes to his neighbourhood, and now he has his grain converted into flour, giving for the work less grain than was before consumed by the horses and men employed in carrying it to the distant mill. If iron be abundant, spades and picks are readily obtained, and the roads are mended, and he passes more readily to the distant market. If iron increase in abundance, the railroad enables him to pass with increased facility, himself, his turnips and potatoes, to markets from which before he was entirely shut out by cost of transportation, except as regarded articles of small bulk and much value—wheat and cotton. If iron be abundant, the woollen-mill comes, and his wool is converted on the spot by men who eat on the ground his cabbages and his veal, and drink his milk, and perform the work of conversion in return for services and things that would have been lost had they not been thus consumed. At each step he gets the use of iron cheaper—that is, at less cost of labour. If iron be abundant, the cotton-mill now comes, and the iron road now brings the cotton, and his sons and his daughters obtain the use of iron spindles and iron looms by which they are enabled to clothe themselves at one-twentieth of the cost of labour that had been necessary but twenty years before. Instead of a yard of cotton received in return for two bushels of corn, one bushel of corn pays for six yards of cloth—and now it is that the farmer grows rich.

A careful examination of society will satisfy the inquirer that all the people engaged in the work of transportation, conversion, and exchange, are but the agents of the producers, and live out of the commodities they produce, and that the producers grow rich or remain poor precisely as they are required to employ less or more persons in the making of their exchanges. The farmer who is compelled to resort to the distant mill employs many persons, horses and wagons, in the work of converting his grain into flour, and his land is of small value. Bring the mill close to him, and a single horse and cart, occasionally employed, will do the work. The farmer who employs the people of England to produce his iron, is obliged to have the services of numerous persons, of ships and wagons, and horses, to aid in the work. Bring the furnace to his side, and let his neighbour get out his iron, and he and his sons do much of the work themselves, furnishing

timber, ore, and the use of horses, wagons, &c., when not needed on the farm.

The man of Tennessee sends to market 300 bushels of corn, for which he receives in return one ton of iron, the money-cost of which is $60, but the labour-cost of which is the cultivation of ten acres of land. If he could follow his corn, he would find that the men who get out his iron receive but 30 or 40 bushels, and that the remaining 260 or 270 are swallowed up by the numerous transporters and exchangers that stand between himself and the men whom he thus employs. If, now, he could bring those men to his side, giving them double wages, say sixty bushels of corn, he would be a gainer to the extent of 240 bushels. While he has to give 300 bushels, his iron is dear, and he can use little. When he obtains it for 60 bushels it is cheap, and he uses much. His production increases, and his ability to use iron increases with it, and the demand for workers in iron increases, and all obtain food more readily, the consequence of which is that they have more to spare for clothing, and for other of the comforts or the luxuries of life.

Whenever there is in market a surplus of any commodity, the whole quantity tends to fall to the level of the lowest price required to enable the holders to find purchasers, and so long as we shall continue to have a surplus of food for export, the price of the whole must continue to be regulated by that which can be obtained for the trivial quantity sent to Liverpool.

Whenever it is necessary to resort to distant places to procure a part of the supply of any commodity, the price of the whole is regulated by the cost of obtaining this last small portion. In 1847, we produced 800,000 tons of iron, yet the demand was so much in advance of the supply that we were obliged to import a small quantity, and the price at which that was obtained fixed the price of the whole. The farmer is thus always selling in the cheapest and buying in the dearest market. The labour and capital required to produce a ton of iron, are not as great as are needed for the production of forty bushels of corn, and yet he gives for it three hundred, because of the quantity of labour wasted in transporting the one to the man who produces the other.

The prices of labour and iron are both higher than in Europe, and therefore we import both. The price of food is lower than in Europe, and therefore we export it. Whenever the import of labour shall be such as to do away with the *necessity* for exporting food, as food, its price will be high, and we shall cease to export it. Whenever the import of men shall be such as to do away with the *necessity* for importing iron, the price will be low, and we shall export food in the form of iron. By the same operation the farmer will thus be enabled to obtain high prices for his grain, and to buy his iron cheap. He will then buy in the cheapest and sell in the dearest market, and the value of his labour will be increased.

We have seen that in the period that elapsed between 1821 and 1829, embracing the six years which followed the passage of the act of 1824, the consumption of iron rose to about 25 pounds per head. In the three following years, under the tariff of 1828, it rose to 47. By the Compromise Act, the duty on railroad iron was abolished, and the consequence was, that the power of consumption diminished, remaining at an average of but 46 pounds for the next nine years. Under the strictly revenue clauses of the tariff it fell to 38 pounds, being less than the consumption of eleven years before. By 1846, it had risen to 94, and in the following year it rose to 98. Who were the persons that benefited by this change? Let us see. The abundance of iron facilitated the opening of coal mines by means of steam-engines and other machinery, and the making of roads, by means of which coal, and food.

and timber could be taken to market, and thus greatly diminished the number of persons intermediate between the producer and consumer; and the abundance of fuel and iron facilitated the construction of steamboats, diminishing greatly the cost of transportation to and from market; and facilitated the construction of mills and furnaces, at which the farmers and planters could make their own exchanges; while the increased facility of obtaining ploughs and harrows, spades and axes, tended to increase the productiveness of labour, with large increase in the quantities to be exchanged, and in this manner the whole benefit resulting from the augmented facility of obtaining iron went to the cultivators of the land, farmers and planters.

But why should protection have been necessary to produce this result? To the general reasons already given, may now be added, those which refer particularly to iron. In a table now before me,* the English prices of merchant-bar iron are thus given:—

	£	s.	£	s.		£	s.	£	s.		£	s.	£	s.
1816—	11	0	@ 8	15	1827—	9	10	@ 8	15	1837—	10	5	@ 6	15
1817—	8	10	@ 13	0	1828—	9	0	@ 7	15	1838—	9	10	@ 9	15
1818—	12	0	@ 10	0	1829—	7	10	@ 6	12	1839—	10	5	@ 9	10
1819—	11	10	@ 11	0	1830—	6	15	@ 6	5	1840—	9	0	@ 8	0
1820—	10	10	@ 9	10	1831—	6	5	@ 5	17	1841—	7	15	@ 0	0
1821—	9	10	@ 8	15	1832—	6	5	@ 5	10	1842—	6	10	@ 5	5
1822—	8	10	@ 8	0	1833—	6	15	@ 7	15	1843—	5	0	@ 4	10
1824—	13	0	@ 8	15	1834—	6	10	@ 7	12	1844—	6	6	@ 5	0
1825—	15	0	@ 11	10	1835—	8	5	@ 6	5	1845—	6	10	@ 9	0
1826—	11	0	@ 9	10	1836—	11	10	@ 10	5	1846—	9	0		

We have here £4 10=$21 60, and £15=$72, and every price between. Why should these enormous variations take place? It costs no more labour to make iron at one time than at another. The man who mined a ton of ore or coal in 1832, when the price was £5 10, could mine more than a ton in 1846, because machinery had been greatly improved, and yet the price was then £9.

The season may be adverse for the growth of grain or cotton, and the rot may destroy the potato crop, thus diminishing the quantity to be supplied with great increase of price, and yet neither food nor cotton is liable to the enormous and sudden changes that we see in regard to iron, which ought to be perfectly steady. These changes are due to the unsound character of the system, and the perpetual changes that result therefrom. The consequence of them is, the constant recurrence of ruin to all, in other countries engaged in the manufacture of iron. In 1816 it was high, and furnaces were built. In 1821, it was low, and iron-masters were everywhere ruined. In 1825 it was high, and furnaces were again put in blast. In 1831, furnace-masters were again ruined. In 1836 it was high, and in 1842, it was low, and on both occasions the same operations were repeated. So again in 1846, furnaces were built, and now, in 1849, they are being closed.

The consequence of this is that the iron manufacture throughout the country is in a barbarous condition. Small furnaces abound, at which much labour is given to producing little iron. At each forced intermission of the exertions of England to maintain the monopoly of the production of this important commodity, we can see it making its way gradually to the land where alone it can be produced at small cost of labour—that land where ore, coal and limestone are interstratified with each other, and at which it would long since have arrived but for our frequent changes of policy.

* Merchants' Magazine, Vol. XX. p. 337.

Very little examination is necessary to satisfy the inquirer that it has been precisely when iron has been lowest in England, in 1822 and 1843, that our consumption was least; and it is now diminishing rapidly, as our furnaces are being closed and their owners ruined. *The power to consume declines daily.* With another year or two the price abroad will be high, but time will then be required to get the old furnaces into operation, and still longer to build new ones; for iron-making is like buying lottery tickets, and the blanks are more numerous than the prizes. That time arrived, pig iron may be again $40 and bars $80 per ton.

So long as a nation is dependent on England for any portion of its supply, so long must prices continue to be thus variable, and so long must the consumption of this important article, and the facilities for producing it, be small, and all the deficiency falls on the producer of food, or wool, or cotton; for it is he that pays the cost of transportation, conversion and exchange. The consumption of the present year will not, probably, exceed 700,000 tons, for the make at home is greatly diminished, and the stock on hand has increased to an extent nearly approaching that of the import from abroad. Next year, there is strong reason for believing that it will be still farther diminished, whereas, there can be no doubt that that year, had the system of 1842 remained unchanged, would have seen the domestic product attain 1,300,000 tons, or 3,000,000,000 of pounds, being 125 pounds per head; the *increase* for 1846 having been almost equal to the whole consumption, per head, in 1842-3. Thenceforth, the price would have been regulated by the cost of production here, and not by the fluctuations of policy abroad; and thenceforth the prices would have been daily diminishing, as the machinery of production improved. The object of the colonial system is that of increasing the number of transporters, converters and exchangers, who are to be supported out of the labours of the farmers and planters. The object of the protective system is to diminish the number; and the question now to be settled is, whether the labourers, the men who produce all that we consume, or the exchangers shall be masters. Were the latter to succeed, we should have perfect freedom of trade, so far as freedom consists in being compelled to forego the association of men with their fellow-men for the improvement of their condition, and the result would be the stoppage of every furnace in the Union; when all those engaged in mining coal and ore would be compelled to resort to the raising of food, which would be lower, while iron would be higher and greatly higher. Its cost in labour would be so far increased that consumption would fall to the point at which it stood in 1821. Perfect protection would soon quadruple our production, and vast numbers of persons would mine iron and coal instead of raising food, which would be higher. The labour-cost of iron would be diminished, and the consumption would be increased; and it is by aid of iron that production is to be increased, exchanges facilitated, conversion improved, land increased in value, and farmers and planters made rich.

From 1829 to 1832, the domestic production increased about fifty per cent. During the whole of that period, the Union was agitated by threats of nullification and disunion, and there existed no motive for investing in furnaces or rolling-mills the large amounts required for the cheap production of this important commodity. From 1842 to 1847, the production trebled, and perhaps quadrupled. During the intermediate period it was almost stationary

I propose to inquire what would have been the result, had the production gone on to increase at the rate of only 15 per cent. per annum, and then to examine what would have been the effect on the working men, the planters and

farmers of the Union, with a view to ascertain from the experience of the past what is probably the true course of policy for the future.

Starting with 200,000 tons in 1832, and increasing the product 15 per cent, the succeeding years would have been as follows:—

Years.	1000 tons.	Years.	1000 tons.	Years.	1000 tons.
1833 . .	230	1839 . .	532	1845 . .	1230
1834 . .	265	1840 . .	612	1846 . .	1415
1835 . .	305	1841 . .	704	1847 . .	1630
1836 . .	350	1842 . .	810	1848 . .	1875
1837 . .	402	1843 . .	930	1849 . .	2150
1838 . .	462	1844 . .	1070	1850	2472

It will be seen that the highest increase of any year is scarcely more than that which actually took place in years between 1843 and 1847, when every thing had to be recommenced, after a state of almost utter ruin. What now would have been the amount of investment required for the production of this quantity of pig-metal? A furnace capable of producing 5000 tons per week may cost $30,000. We can now produce 800,000 tons. To have made it 2,000,000 would have required the building of 240 furnaces more than we have built, and their construction would have required $8,000,000, being far less than the amount that has in that period been spent *in building* packet ships to run between New York, London, and Liverpool,—leaving out of view all other expenditure upon shipping, whether for building or sailing them. The ships have disappeared, or will disappear, leaving nothing behind. The furnaces would be still in existence. At one establishment in Pennsylvania there are six furnaces capable of producing 800 tons of metal per week, or 41,600 tons per annum. The cost of these may have been $200,000. To build ships capable of transporting that quantity would require an investment of at least $750,000. At the end of a few years, the whole of that capital would be sunk, while the furnaces might last almost for centuries. The tendency of the colonial system is thus to compel the employment of capital in temporary machinery, and the object of protection is to enable the owner of it to invest it in that which is permanent.

It will be asked, what should we have done with all this iron? In answer, I say, that every man is a consumer to the full extent of his production. The man who made the iron would have required food, fuel and clothing. The man who mined the fuel would have required iron, food and clothing. The man who raised the food would have required iron, fuel and clothing. The man who made the clothing would have required iron, food and fuel. The man who raised the wool and the cotton would have required food, fuel, iron, and clothing. Production would have largely increased, and there would have been a large increase in the power of consuming all the commodities necessary for the convenience and comfort of man. In other words, there would have been a great increase in the profits of capital and the wages of labour.

Had production gone on at the rate I have indicated, we should have in the period from 1834 to the present time 15,000,000 of tons, whereas we have had but 5,000,000. These 10,000,000 would have filled the country with machinery, enabling the farmers and planters to have the consumers by their sides, and in addition would have given them roads by which to go to market at half the present cost. Their necessity for going to distant markets would have diminished, while their power so to do would have increased, and with every step in this progress they would have become enriched.

It may, perhaps, be said that this demand for labour would have dimin-

ished the power to produce food and cotton. On the contrary, it would have increased it. Two-thirds of the labour actually employed in the making of this iron and its conversion into the various forms to fit it for use, would have been saved labour—labour that has been wasted. Further, the farmer and planter would have exchanged their food and cotton on the spot for iron, and here would have been a further and vast saving of labour. The increased facility of obtaining spades and hoes, ploughs and harrows, horse-shoes, carts and wagons, would have rendered the labour on the farm or plantation more productive. The rapid growth of railroads would have prevented the necessity for going to market with produce, and facilitated the transport of manure, and marl, and lime, and thus the power to apply labour steadily and advantageously would have largely increased. The neighbouring cotton-mill or woollens-mill would have furnished clothing for food and labour, and thus the necessity for looking to distant markets would have been diminished, while the power to resort to them would have largely increased. The increased demand for labour and its increased reward, would have tended largely to augment immigration, and each new arrival would have been a mouth to be fed and a back to be clothed, to the advantage of both farmer and planter. Farms and plantations would have been divided, and more food and cotton would have been obtained from small ones than are now obtained from large ones. The land would have increased in value, and the farmers and planters would have grown rich because of increased production and diminished cost of exchange, and a part of the surplus would have been appropriated to the purchase of books and newspapers, and musical instruments and pictures, and thus would intellectual have kept pace with moral and physical improvement. Instead of all this, the period from 1835 to 1843 was one of diminished production and increasing poverty and crime, ending with bankruptcy and repudiation.

What has been said in regard to iron is equally true in regard to coal, but it is unnecessary to go into detail. Had the tariff of 1828 been adopted as the settled policy of the nation, the consumption of anthracite would by this time have reached 10,000,000 of tons, and the vast coal fields of the West would likewise be giving forth their products by millions, and thus the food of the farm would have been condensed into fuel and iron, fitting it for transportation, and providing means of transportation. Instead of this, we have had a series of changes that have involved in ruin almost all that have been largely interested in giving to the nation the extraordinary works that connect Philadelphia and New York with the great coal region of Pennsylvania, and State bankruptcy and repudiation have been followed by that of companies which have done more for the real advantage of the Union than any others that have ever existed within its limits, and all this has been produced by a policy under which the whole consumption of iron was reduced below 40 pounds per head, when it might long since have reached 300.

Had the production of iron and coal been allowed to increase, and the manufacture of cotton to grow, we should be now consuming a million and a half of bales; and had the woollens manufacture been allowed to grow, we should now have a hundred millions of sheep, the whole of whose wool would be required for our domestic consumption, for those who produce largely consume largely.

The perfect harmony of interests is nowhere more perfectly exhibited than in a thorough examination of the course of proceeding in relation to both coal and iron. Both were heavily protected from 1816 to 1824, but neither grew, because the iron *manufacture*, the cotton and the woollen manufactures, did not grow; and so would it now be, were iron and coal protected at the cost of cotton and wool. All wax and wane together, and the

man who would protect himself at the cost of his neighbour, makes a sad mistake. It is useless to produce iron without a market, and that market is to be found in the rolling-mill, the foundery, the machine-shop, the cutler's shop and that of the axe-maker, and they in turn must find a market among the producers of food, and wool, and cotton. The shipwright uses largely of iron, and that he may do so, there must be a large market for sugar, tea, coffee, and other of the luxuries and comforts of life. The larger the market, the larger will be the consumption of iron, and the larger the latter, the more rapidly will the former grow. In a wise political economy there will be found no discords

CHAPTER EIGHTH.

HOW PROTECTION AFFECTS POPULATION.

Combination of action is indispensable to increase in the value of labour. The first cultivator can neither roll nor raise a log, with which to build himself a house. He makes himself a hole in the ground, which serves in lieu of one. He cultivates the poor soil of the hills to obtain a little corn, with which to eke out the supply of food derived from snaring the game in his neighbourhood. His winter's supply is deposited in another hole, liable to injury from the water which filters through the light soil into which alone he can penetrate. He is in hourly danger of starvation. At length, however, his sons grow up. They combine their exertions with his, and now obtain something like an axe and a spade. They can sink deeper into the soil; and can cut logs, and build something like a house. They obtain more corn and more game, and they can preserve it better. The danger of starvation is diminished. Being no longer forced to depend for fuel upon the decayed wood which alone their father could use, they are in less danger of perishing from cold in the elevated ground which, from necessity, they occupy. With the growth of the family new soils are cultivated, each in succession yielding a larger return to labour, and they obtain a constantly increasing supply of the necessaries of life from a surface diminishing in its ratio to the number to be fed; and thus with every increase in the return to their labour the power of combining their exertions is increased.

If we look now to the solitary settler of the West, even where provided with both axe and spade, we shall see him obtaining, with extreme difficulty, the commonest log hut. A neighbour arrives, and their combined efforts produce a new house with less than half the labour required for the first. That neighbour brings a horse, and he makes something like a cart. The product of their labour is now ten times greater than was that of the first man working by himself. More neighbours come, and new houses are wanted. A "bee" is made, and by the combined effort of the neighbourhood the third house is completed in a day; whereas the first cost months, and the second weeks, of far more severe exertion. These new neighbours have brought ploughs and horses, and now better soils are cultivated and the product of labour is again increased, as is the power to preserve the surplus for winter's use. The path becomes a road. Exchanges begin. The store makes its appearance. Labour is rewarded by larger returns, because aided by better machinery applied to better soils. The town grows up. Each successive addition to the population brings a consumer and a producer. The shoemaker wants leather and corn in exchange for his shoes. The blacksmith requires fuel and food, and the farmer wants shoes for his horses; and with the increasing facility of exchange more labour is applied to production, and the reward of labour rises, producing new wants, and requiring more and larger exchanges. The road becomes

a turnpike, and the wagon and horses are seen upon it. The town becomes a city, and better soils are cultivated for the supply of its markets, while the railroad facilitates exchanges with towns and cities more distant. The tendency to union and to combination of exertion thus grows with the growth of wealth. In a state of extreme poverty it cannot be developed. The insignificant tribe of savages that starves on the product of the upper soil of hundreds of thousands of acres of land, looks with jealous eyes on every intruder, knowing that each new mouth requiring to be fed tends to increase the difficulty of obtaining subsistence; whereas the farmer rejoices in the arrival of the blacksmith and the shoemaker, because they come to eat on the spot the corn which heretofore he has carried ten, twenty, or thirty miles to market, to exchange for shoes for himself and his horses. With each new consumer of his products that arrives he is enabled more and more to concentrate his action and his thoughts upon his home, while each new arrival tends to increase his *power* of consuming commodities brought from a distance, because it tends to diminish his *necessity* for seeking at a distance a market for the produce of his farm. Give to the poor tribe spades, and the knowledge how to use them, and the power of association will begin. The supply of food becoming more abundant, they hail the arrival of the stranger who brings them knives and clothing to be exchanged for skins and corn; wealth grows, and the habit of association—the first step towards civilization—arises.

It is not good for man to live alone, and yet throughout this country, we find thousands and tens of thousands of men flying to the West, there to commence the work of cultivation at a distance from their fellow-men, while millions upon millions of acres of rich land in the old States remain untouched. If, now, we refer to the course of events during the last thirty years, we see that the tendency to migration increased rapidly between 1834 and 1842, when the building of mills and furnaces ceased, and that during that period we colonized Texas and Oregon. In the years which followed, the tendency to emigrate diminished, to break out afresh under the influence of the policy of 1846. The last twelve months have witnessed the departure of very many thousands to California, Santa Fe, &c., while the emigration to Iowa, Wisconsin, and other portions of the extensive West, is entirely without precedent.

"It is estimated," says the editor of one of the Iowa papers,

"That between fourteen and fifteen hundred wagons have crossed the Mississippi at this place, within the last five weeks, bringing emigrants from Ohio, Indiana and Illinois, and all of them seeking homes in Iowa. They have," says he, "generally gone to the new counties on and west of the Des Moines river, where, we know, they will find lands and other agricultural advantages, equal to any in the world. Allowing five persons to a wagon, there have crossed at this place alone, between 7000 and 8000 persons. We are told that the same extraordinary influx of immigrants has taken place at all the other crossings along the river Dubuque, down to Keokuk. It is, therefore, reasonable to suppose that from 30,000 to 50,000 persons have been added to our population within the last month and a half, and the tide is still pressing towards us."*

If we desire to find the reason for the extraordinary tendency now prevailing to seek the West, it may be found in the diminishing value of labour in the older States. The production of iron, coal, cotton and woollen cloths, and of commodities generally, has diminished; and there is not only no demand for labour in the construction of new mills and furnaces, or in the opening of new coal mines, but the number of persons employed is actually diminished. The natural increase of our population is almost 600,000, and the immigration of the present year is about 300,000; and thus 900,000

* Burlington (Iowa) Gazette.

persons are added, while the number that can find employment in the old States is less than it was two years since. All these people must eat, and if they cannot obtain food in exchange for labour, employed in the mining of coal or manufacture of cloth or iron, they must raise it for themselves, and hence it is that the population of the new States grows now so rapidly.

Here is a case of apparent discord. The people of the new States need neighbours to help them to make roads and build churches and school-houses, and the state of things that injures the farmers of Pennsylvania, New York and Virginia, benefits all those who are already in Wisconsin and Iowa. They profit by free-trade and would be injured by protection. Strange as it may seem, however, directly the reverse is the case. The harmony of interests is perfect, and the discord is only apparent. The new States would grow faster under protection than they now do under free-trade. But for the abolition of protection, in 1832–3, Iowa, Wisconsin, &c., would now be populous States, as I propose now to show. From 1821 to 1825, there existed no inducement for emigration from Europe to this country. Wages here were low, and the difficulty of obtaining employment was great. The average number of immigrants was but 7138, and the last year was little more than the average. By 1829, it reached 24,000. Five years after, (1834,) it was 65,000. The average of the next nine years was but 72,000; and, in the last of those years, it was but 75,179. Like every thing else, immigration was stationary. In the four following years it was trebled. This year it may reach 230,000. It has already begun to decline.

It is obvious that the demand for labour grows with increase in the number of modes in which it can be applied; and that with every step in that direction the return to labour increases, enabling the labourer to obtain larger wages—that is to say, more food, fuel, clothing, books and newspapers, and greater facilities for the education of his children, in return to the same labour. We see that the power to obtain these good things increased rapidly from 1830 to 1834, and that the effect was to produce a vast increase of immigration. With every such increase there must, necessarily, have been increased power of combination, accompanied by increased facilities for obtaining the things for which men are willing to labour; offering new attractions for the labourer, and producing a further increased tendency in the same direction. In a former chapter, I have supposed that it might by this time have reached 1,000,000 per annum, and that it would have done had it doubled but once in four years. A duplication in three years would have brought it by this time to 2,000,000. Taking it, however, at the former quantity, we should have imported in the intermediate period nearly 6,000,000, instead of less than 2,000,000. If we now add thereto the natural increase of all these people, we would have at this moment a population exceeding by at least 5,000,000 the number we now have; and of these, while vast numbers would have been employed in giving value to the lands of the older States, by opening mines and building furnaces, millions would have sought the West, the access to which would have been rendered daily more and more easy by the increased facility of obtaining iron for the construction of steamboats and rail-roads.

The large immigration of the last and previous years is by many ascribed to the troubles in Europe; but their effect has been small. All commodities tend to seek the best market, and to this rule labour forms no exception. The people of Europe are anxious to transfer themselves here because man is here a commodity of more value than in Europe, and can obtain more food, fuel and clothing, and better shelter, in return for the same quantity of labour, than he can at home; and the more widely extended the knowledge that such is the fact, the greater is the anxiety to reach our shores. Had

the demand for labour continued to increase as it did from 1844 to 1847, the immigration of the present year would probably far exceed even half-a-million; whereas, there is every reason to believe that there will be a great diminution.

CHAPTER NINTH.

HOW PROTECTION AFFECTS THE MEANS OF TRANSPORTATION—INTERNAL AND EXTERNAL.

THE more widely men are separated, the greater is the difficulty attendant on the making of roads, and the greater is the quantity of labour lost to the farmer in performing the work of transportation, and the poorer he remains. The more men are enabled to combine their exertions, the greater is the facility of obtaining roads; the less the labour lost in transportation, the more can be given to the work of production, and the richer will the farmer grow.

During the years from 1835 to 1840, the tendency was to separation, and there was great need of roads. The widely scattered settlers of Illinois, Indiana, Michigan and Mississippi could not make them of themselves, and none would trust them individually with the means necessary for their construction. To remove this difficulty, they united in borrowing the food and clothing and the iron required for the purpose, pledging the faith of the State for payment of the cost, and the result was universal ruin. Men were scattering themselves, and labour was becoming less productive; the consequence of which was, that immigration ceased to increase; and *it was precisely when the growth of population from that source was arrested*, that we were extending the area of settlement, and diminishing the power of combining exertion for the purpose of increasing the return to labour.

We are now doing precisely the same thing. Men are scattering themselves widely, and there is a great demand for roads. The papers from day to day inform us of the new ones that are being made in the West with iron that is obtained in exchange for certificates of debt, bearing interest, that must be paid. The men who should be making iron are seeking the West, and borrowing the iron they should be making, and, if the system be long continued, the result must be the same that was witnessed in 1842–3.

It is to this unnatural expansion of a small population over large surfaces that is due the agitation of the question of improvement by the general government, one of the most dangerous now remaining to be settled. If the settlement and cultivation of new lands, and the formation of new States, proceeded naturally, the population would become sufficiently rich to be enabled to make their own roads and improve their own harbours; but as that cannot be the case under the existing system, they look to the government for aid. At this moment, it is proposed that a vast amount of land should be given, or sold at a very low price, to aid in the making of a road to California, a work that, if prosecuted with vigour, would be finished half a century before it would pay interest on its cost, because it would tend only to promote the further dispersion of population, and the further diminution in the productiveness of labour. We need concentration to render labour more productive, and to promote immigration; and if that be obtained, the natural and profitable settlement of the country beyond the Mississippi will go on so rapidly as to insure a connection with the Pacific, with advantage to all, in a very reasonable time. It is doubtful if there is a single instance on record of a road having been made with a view to attract population, or one that has been altogether dependent on *through* travel and trade, as this must for a long time be, that has not proved a failure. To make roads productive, they must pass through countries where men consume on the land a good portion of the products of the land, and grow rich, and not through

those in which, because of the absence of consuming population, every thing that is raised on the land is sent from the land, and its owners remain poor. If this road be now made, there will be great loss somewhere, and fall where it may, it will be a loss to the community.

The reason why such roads are unprofitable is, that the transportation upon them is almost entirely limited to bulky articles that must be carried at low freights. The most valuable of all commodities is man, and upon such roads the travel is small, for the people are poor, and must remain at home. Their products pay little to the road, yet the little that is left purchases but little of silk, or cloth, or other of the articles of merchandise upon which high tolls can be charged. Where, on the contrary, there is a large consuming population on the line, the way-travel is great, and the commodities that pass to market pay good freights, while the balance pays for much merchandise to be returned.

Applying these views to the means of intercourse with foreign nations, we may now, I think, see why it is that shipping grows with protection.

The merchandise we send to Europe is bulky, and the returns are compact, a consequence of which is that the outward cargo has generally had to bear almost all the charges of the voyage.

From 1830 to 1834, the reward of labour was, however, such as induced a great increase of immigration, and thus was secured a valuable return cargo, the receipts from which tended largely to diminish the charges on outward freights, and thus the planter and farmer were enabled to consume more largely of the merchandise of Europe, which pays high freights, and more of tea and coffee, while the demand for the raw materials used in manufactures, also enabled ships to bring them as part of their return cargoes, facilitating the transmission of our produce and merchandise to other parts of the world.

From 1835 to 1844, immigration was almost stationary. So was shipping. From 1845 to the present time immigration has grown rapidly. So has shipping. We now import 300,000 persons, and the usual allowance being two persons to five tons, it follows that shipping to the extent of 250,000 tons, making three trips per annum, is so employed. Freights to Europe are low, because the return cargo is large and valuable. Ships of the first class are now built expressly for the importation of men, and so will they continue to be, if the number of passengers shall continue to increase. With a diminution of it, the building of ships will diminish, and freights to Europe will rise, because a valuable return cargo cannot then be calculated upon. The rise of freights will, as a matter of course, diminish the number of articles that will bear exportation, and the quantity of merchandise that can be imported from Europe, while the diminution in the number of mouths requiring tea, coffee, and other similar commodities, will tend still further to diminish the tendency towards the building of ships.

Were we now importing a million of people, the shipping required for that purpose alone would be 830,000 tons, and freights to Europe would be almost nominal, for great numbers would go altogether in ballast. Whatever tends to increase the bulk of the commodities imported tends equally to diminish the cost of transportation, and to increase the export of the products of the farmer and planter. If we imported raw silk, we should import Frenchmen to manufacture it, and coffee for them to drink, and the ships that imported the silk, the men, and the coffee, would cheaply transport cotton or cotton cloth. If we import gutta percha, we obtain it from one who desires to buy cloth, and to whom cloth can then be cheaply sent. If we import gutta percha goods, we obtain them from men who have cloth to sell, and to whom cotton cannot be cheaply sent. If we desire, then, to increase

our commerce and our navigation, the object is to be accomplished by the adoption of measures that will bring the loom to take its place by the side of the plough. The harmony of the agricultural, manufacturing, and shipping interests would here appear to be complete.

With such an importation of men, there would be an annual addition of 1,000,000 with whom we would have *perfect* freedom of trade, uninterfered with by custom-house officers, sailors, or ships. At the end of ten years, there would be thus made an addition of twelve or thirteen millions of persons, who would consume twice as much cotton as is now consumed by the whole people of Great Britain and Ireland. The harmony between the views of the free-traders and those of the protectionists would thus appear to be almost perfect. The more the subject is examined, the more obvious does it become that the *only* road to perfect freedom of trade lies through perfect protection.

CHAPTER TENTH.

HOW PROTECTION AFFECTS THE FARMER.

Among the large exporters of food are Ireland, Canada, Russia, and the United States.

The first exports both food and population. The bulk of her trade is altogether outward, and the food has to bear all the cost of the voyage out and home. The yield to the producer is therefore small, and tends rapidly to diminish, the consequences of which are, famine, pestilence, and depopulation.

The second exports food and lumber, and imports some population for home consumption, and much that is exported to the United States. The excess of exports is, however, sufficiently great to throw nearly the whole weight of the voyage out and home upon the producer.

Neither of these countries has any protection against the colonial system. The food they export comes back to them in the form of cloth and iron, duty free, and almost freight free, because the bulk of the traffic is in the outward direction.

Russia exports food, but she protects manufactures, and thus makes a market for much of it at home. Her capacity to supply grain is by one authority stated to be equal to 17,000,000, and by another 28,000,000 of quarters. (153 and 252 millions of bushels of 60 pounds weight,) and we are told that—

"In the years when there is no foreign demand for this surplus, a portion of it is employed, with little regard to economy, in fattening cattle for the butchers, and for the sake of the tallow. Much is absolutely wasted, and the remainder, left unthreshed, becomes the prey of birds and mice." Also that "if a foreign market could be found for it, Russia could easily export annually 50,000,000 of quarters of grain, (equal to 450,000,000 of bushels of sixty pounds weight.)"*

The system of that country is adverse to the growth of wealth and intelligence. Large armies and hosts of officials are maintained out of her heavy taxes, paid from the earnings of the producing classes, while the existence of serfdom, and the necessity for giving so large a portion of the lives of the healthiest and best-formed of the population to the business of carrying sabres and muskets, tends to prevent the existence of any hope of improvement; and without hope there can be little disposition for exertion. Nevertheless, as we see, the Russian has food to waste, while Irishmen perish by tens of thousands of starvation.

In this country the system of protection exists. It is now limited to thirty

* London Economist.

per cent.; and for the last twenty years it has but once, and for a very brief period, been at a lower point. By its aid there has been produced a diversification of pursuits, that enables men to economize much time and many things that would otherwise be wasted, while women and children find employment at such wages as enable them to be large consumers of both food and clothing. Wages are high, and hence it is that there is so large an import of the most valuable of commodities—man.

We imported last year about 300,000 persons. Estimating their consumption of food at twenty cents per day for each, there was thus made a market on the land for the products of the land to the extent of *twenty millions of dollars*. Their transportation required the constant employment of 250,000 tons of shipping, and ships carried freight to Europe at very low rates, because certain of obtaining valuable return cargoes. The farmer thus obtained a large home market, and the power of exporting cheaply to the foreign one, and to the conjoined operation of these two causes is due the fact that wheat and flour have continued so high in price.

We may now, I think, understand many curious facts now passing before our eyes. Food is so abundant in Russia that it is wasted, and yet among the large exporters of food to Great Britain is this country, in which it sells at a price almost as high as in Liverpool, and now even higher. The produce of Russia has to bear all the charges out and home, and the consequence is, that the producer remains poor and makes no roads, and thus the cost of transportation, internal and external, continues, and must continue, great. The farmer of the United States sends his produce to market cheaply, because the return cargo, being chiefly man, is valuable, and the space it occupies is great. He therefore grows rich, and makes roads, and canals, and builds steamboats; and thus is the cost of transportation, internal and external, so far diminished that the difference in the price of a barrel of flour in Pittsburgh and in Liverpool is, when we look at the distance, almost inconceivably small.

The bulk of the trade of Canada is outwards; and the consequence is that outward freights are high, while our imports of men and other valuable commodities keep them low with us, and therefore it is that the cost of transporting wheat and flour from our side of the line is so much lower than from the other, that both now pass through New York on their way to Liverpool.* Hence it is that there has arisen so vehement a desire for commercial re-

* From one of the journals of the day I take the following extract from a Canadian letter:—

"Our commercial relations with your Union are a subject of great anxiety with us at the present time. Wheat is worth from 2*s.* to 3*s.*, York, more on your side of the Lake than on this. This is owing to two causes: the 20 per cent. duty you impose upon our grain when imported and sold in your market, and the want of a sufficient number of resident wheat buyers who have sufficient capital to enable them to take advantage of your bonding Act. If your Cabinet has determined to annex us, they will refuse us reciprocity. In 1847, we exported of Canada wheat, 3,349,686 bushels, and in 1848, 3,413,397. We shall export, at least, twice as much this year; for every acre of land that was in a condition to grow wheat was sown with that grain, and the crop throughout the whole of Western Canada, except perhaps the Middle District, is unusually heavy.

"'The Examiner' estimates, and I think with tolerable accuracy, that our farmers will this year lose $1,500,000, from a want of having free access for their produce to your markets. The Convention of Delegates from each of these Provinces, now sitting at Halifax, have under consideration the question of securing a more easy interchange of commodities between the Provinces and the States. A notion has got abroad, that if Canada, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland were united, they would then have a better chance of obtaining free trade from you than in their present isolated condition. It is rumoured that the Home Government, for some

ciprocity, and even for annexation. The protective system has thus not only the effect of bringing consumers to take their places by the side of the producer, facilitating the consumption on the land of the products of the land, and facilitating also the exportation of the surplus to foreign markets, by diminishing outward freights, but the further one of producing among our neighbours a strong desire for the establishment of the same perfect freedom of trade that now exists among the several States, by becoming themselves a part of the Union. Protection, therefore, tends to the increase of commerce and the establishment of free trade, while the British system tends everywhere to the destruction of commerce and to the production of a necessity for restriction.

We see, thus, that if we desire to secure the command of that which is falsely called "the great grain market of the world," it is to be effected by the adoption of such measures as will secure valuable return freights. The most costly and the most valuable of all are men. The least so are pig-iron and coal. The more of the latter we import, the larger will be our surplus of food, the higher will be the outward freight, internal and external, the greater will be the waste, and the poorer will be the farmer. The more of the former we import, the smaller will be our surplus of food, the lower will be the outward freights, and the more numerous will be the commodities that can go to Europe, to be given in exchange for luxuries that now we cannot purchase.

Were we now importing a million of men annually, the downward freights on our canals and railroads would be greatly diminished, while the outward freight across the ocean would be little more than would pay the cost attendant upon loading and unloading it, and yet we should be building ships and steamboats, and making railroads at a rate of which we could now form no conception.

By aid of these men, coal and iron would be produced by millions of tons, and the increased facility of obtaining food and iron would give new facilities for building cotton and woollen mills, and type-foundries and printing-offices, and all the men employed in them would be large consumers of food, and thus would the farmer gain on every hand.

The labourer, in Ireland, obtains 6*d.* or 8*d.* for a day's labour when employed, but the average of the year is even less than the former sum. He is our great customer for Indian corn, the cost of which, by the time it reaches him, is about 4*s.* or five times what it has yielded to the farmer, delivered on his farm. Eight day's labour are thus required for the purchase of a bushel. Transfer that man to the coal-fields of Ohio or Indiana, and he may purchase far more by the work of a single day. He at once becomes a much better customer for food, and is enabled to consume largely of sugar and coffee, to the advantage of the merchant—of wool, to the further advantage of the cultivator of the land—of lumber, to the advantage of the man who has land uncultivated that he desires to clear—of cotton, and indigo, to the benefit of the planter—and thus it is that every interest in the country profits by the transfer of the poor cultivators of Ireland, and of Germany, to the coal fields and iron-ore beds of the Union.

The young Englishman who aspires to be an operative spinner, and now fills

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purpose of its own, has recommended this federation, and of course the Colonial puppets who move at the dictation of Downing street, will pretend that a measure which has been forced upon them, originated in the commercial necessities of the Provinces. To obtain the free trade they desire, the Nova-Scotians showed symptoms of a willingness to admit your fishing vessels a little nearer than within three miles of their shores; and Canada would probably throw open her coasting-trade to your vessels, if England will permit her after the new Navigation Law comes into operation."

the place of the latter in his absence, receives 7*s.* 6*d.*—$1·80 per week,* the price of two bushels of Indian corn. Place him in Alabama, and he will earn the present price of twenty bushels, and he will then eat more and better food, and consume ten pounds of cotton where now he consumes but one.

The hand-loom weavers, of whom England has 800,000, without work for one-third of the number,† consume little food or cotton. Transfer them here, and they will become large consumers of both.

The agricultural labourer of England receives 8*s.* or 9*s.* a week, little over the price of a bushel and a half of wheat. Transfer him here, and his services as a miner, or labourer, will enable him to earn the price of five or six bushels. He will then consume more and better food, and largely of cotton.

The poor Highlander, driven from his native hills to make room for sheep, starves in the miserable lodging-houses of Glasgow.‡ Could he be transferred here, he would become a large consumer of food and clothing.

Our present policy is directly the reverse of all this. We are exporting men by tens of thousands to California, and by hundreds of thousands to the West, thus diminishing the power of combination of action, and increasing the necessity for the use of ships and wagons to carry their produce to market. Thus far the immigration has been maintained, and freights to Europe are consequently low, but, with the diminished wages of the labourer, immigration must fall off, and then freights must rise, and thus the same measures that diminish the home consumption must increase the cost of going to the distant market. The cost of the voyage out and home *must* be paid by somebody. If there is no return freight, the farmer or planter must pay the whole. If there is a large and valuable return freight, he need pay scarcely any portion of the cost. To California, we must pay all the outward freight, for there is no cargo to be returned. Bulky articles, the produce of the farm, cannot, therefore, go from here, and the consequence is, that every emigrant to that country is a customer lost to the farmer, and a customer to a diminished extent to the planter.

The most costly and most valuable of commodities, as I have already said, is Man. The more valuable the commodities that can be imported into any country, without going in debt for them, the richer that country will grow; and this is equally true of every State, county, township, town, &c., into which it may be divided. Of this no one can doubt, and yet every portion of the Union is engaged in exporting to the West, to Texas, Oregon, and California, this most valuable of all commodities, receiving

* London Economist, Vol. VI. p. 259.

† Edinburgh Review, October, 1849.

‡ A recent British journal, speaking of the Queen's visit to Scotland, thus describes the effects of the desolating policy that has been pursued in the Highlands:—

"*The untilled hills and glens tell their own story most effectually.* The sheep farms of twenty miles length and breadth proclaim the dark character of that policy which is fast making of the Highlands a great hunting-ground. Her Majesty is to pass through a land of Ameers. The same wretched policy as that which has desolated Scinde, originating in the same miserable cause—the selfishness and pleasure-seeking of the owners—has laid waste the Highlands. They want a Sir Charles Napier—a legislative if not a military Napier. *They need the repeal of the game and entail laws, and with those laws repealed, in twenty years there would be no difficulty in finding a population to welcome the monarch on the beautiful but now desolate shores of Loch Long and Loch Awe.* The pines§ would flourish again; and newspaper reporters would not be weighing the question whether there be or be not a habitable house where they might rest within ten miles of Loch Laggan."—*North British Mail.*

§ The standard of the Campbells, who inhabited this region, bore a pine.

nothing in return. We import now hundreds of thousands, yet the old States retain scarcely any of them. All must go West, for the working of mills and furnaces is stopped, and the building of mills is at an end until we have a change of policy. Such is the effect of the colonial system, established for the purpose of preventing combination of action among the people composing various nations of the world, and maintained by the pursuit of measures destructive alike to the interests of the people of England, and of the world at large. "Many of our manufacturers," says a Manchester broker, "have exported to a loss, and if, by so doing, they have kept foreign competition at bay, and checked the increase of industrial establishments abroad, it is an unenviable success; still," he adds, "as this country is doomed to be a manufacturing state, nothing remains but to beat or be beaten."*

These losses are of perpetual recurrence. They are a natural consequence of the "war upon the labour and capital of the world," in which England must "beat or be beaten." They must be paid by somebody, and they *are* paid by the labourers of England, who are compelled to work at diminished wages; but to a much greater extent by the labourers of the world, who are compelled to be idle, earning nothing to pay the farmers and planters for food and clothing, when they would gladly be employed, earning wherewith to feed and clothe themselves and their children.

How small is, under these circumstances, the power to consume food, will be obvious to those who see that three-fourths of the people of England are consumers and not producers, and that yet their import of grain of the last two years of free trade is but two bushels per head. How insignificant is the quantity she takes from us, and trivial the amount when distributed among the people of the Union, may be seen from the following statement of the last two years of comparatively large export:—

	Flour. Barrels.	Wheat. Bushels.	Corn. Bushels.	Corn-meal. Barrels.
Year ending June 30, 1848,	958,744	1,531,000	5,062,000	226,000
" Aug. 31, 1849,	1,114,016	4,684,000	12,721,000	88,000

The last and largest amounts in round numbers, to 10,000,000 of bushels of wheat, and 13,000,000 of bushels of corn. Deducting the transportation, the product of this on the farm may be taken at not exceeding, and probably not equalling $10,000,000, or less than fifty cents per head for the people of the Union. What is the prospect that even this amount will continue to be exported may be judged by the facts that nothing but the exceeding lowness of freights has thus far maintained the export, and that calculations, based upon the low price of food in Europe, are now being made upon the export of grain to this country.

"The accounts that have reached us from your side about the wheat crop have led to an idea here that it is not improbable the United States may become an importing country for grain, as on some previous occasion about ten or twelve years ago. We regard this as highly improbable ourselves, although Sturges allude to it in their commercial circular to-day. It is said *Mark Lane governs the world's grain prices:* and, if so, the European range may certainly be expected to be very low, for the fall here is fully 5*s.* to 6*s.* per quarter, one-sixth of the entire value, within the last month. Oats are down to 16*s* per quarter."—*London Correspondent of the National Intelligencer.*

The shipments of both wheat and flour have already fallen off in a most extraordinary degree, since freights have somewhat advanced. In September, flour was carried to Liverpool for 6*d.* a barrel, and sometimes even less. The lapse of two months has brought the charge up to 18*d.*, and the

* Circular of Du Fay & Co., March 1, 1848.

effect is shown in the following statement of the export from the principal ports of the Union from the first of September to the latter part of November:—

	Flour. Barrels.	Meal. Barrels.	Wheat. Bushels.	Corn. Bushels.
1849 . . .	118,000	1,210	212,504	544,874
Last year, same period	491,000	27,754	849,350	3,447,820
Decrease . . .	373,000	26,544	636,846	2,902,946

Notwithstanding the large increase of agricultural population, the quantity of wheat and flour received at tide-water, on the Hudson, shows a diminution, while the only increase is that of about 2,000,000 of bushels of corn, which found a market abroad only because of the very low freights.

The import of men has made a market for $20,000,000 worth of food, and these people, once here, remain consumers of food, and customers to the farmer, unless compelled to become producers of food and rivals to the farmer.

The "great grain market of the world" has absorbed half as much because of the low freights, but with the advance of freight it is now diminishing, and must still further diminish with the continuance of that advance. "Since the commencement of the California excitement, near seve_ hundred vessels," we are told,* "have left for the Pacific, many of which will never re-visit us." These ships will not be replaced unless freights be sufficiently high to pay their owners. If immigration go on, they will be soon replaced, and the cost of doing it will be paid by immigrants who come to be customers to the farmer and planter. If it do not, they will not be replaced, and the high freights of the remaining ones must be paid by the farmers and planters seeking customers in Europe.

That immigration will be arrested, must be obvious to all who study the tables given in the third chapter. The difficulty of obtaining food, fuel, and clothing—*i. e.* wages—in return for labour, is increasing. The value of man is falling, and the inducements to immigration are passing away. Should it diminish next year to the extent of 100,000 persons, there will be a loss of market to the extent of $7,000,000. The California excitement which carried off so very many thousands of the customers of the farmer, with food to feed them on the road,† will no longer exist. Here is another hundred thousand customers lost to the farmer, and with them a demand for another $7,000,000 worth of food. The European market is being closed. Nothing that diminishes production can maintain prices.

A comparison of the amount of immigration and the prices of wheat during the last few years, will show how essentially the interests of the farmer are connected with every operation tending to bring the consumer to take his place by the side of the producer:—

Years.	Immigration.	Price of Wheat in Philad.	Price of Flour in N. Y.
1840 .	84,000 . .	$1·00 . .	$5·25
1841 .	83,000 . .	94 . .	5·72
1842 .	101,000 . .	1·12 . .	5·74
1843 .	75,000 . .	75 . .	4·47
1844 .	74,000 . .	89 . .	4·70

* New York Herald.

† "Your receipts of beef from Missouri will be very moderate this winter, in consequence of the great demand for cattle to carry emigrants to California."—*Correspondent of the Tribune.*

Years.	Immigration.	Price of Wheat in Philad.	Price of Flour in N. Y.
1845	102,000	86*	4·52*
1846	147,000	1·04	5·23
1847	234,000	1·33	5·96 [potato rot.]
1848	229,000.	1·19	about 5·25
1849	299,000		5·00

If we convert into iron delivered back upon the farm, free of duty, all the food that has been this year exported, we shall find that it will yield 250,000 tons, or twenty-five pounds for every person of the population. Let us now go to the vicinity of a furnace, and see how light, by comparison, is the charge for iron when it is produced on the spot, and paid for in commodities of which the earth yields by tons, as potatoes or hay—or in straw that would otherwise be wasted—or in labour not required on the farm, and then estimate how many tons might have been obtained by the producers of this grain, had they made a market on the land for the products of the land.

Let us now suppose that instead of closing old furnaces we had built fifty new ones, each capable of making 5000 tons, with rolling-mills to convert the product into bars, and had thus applied the labour of some of those immigrants: and that we were now making, as we might readily be doing, 250,000 tons of iron more than was made last year, would not that alone have made a *permanent* market on the land for as much of the products of the farmer as we have exported to England? Would not that have reduced the cost of iron? Would it not have raised the price of labour? Would it not have promoted immigration? Would it not have promoted the building of ships and the reduction of freights? Would not the farmer thus have had the control of the market of England to a much greater extent than he can have under a system that discourages immigration and ship-building? Does not his *power* to go abroad increase with the diminution of the *necessity* for seeking a market abroad? If we were importing largely of raw silk and men from Italy, could we not send cotton yarn to Italy more cheaply than it now goes through England?—and if we were importing silk weavers from France, could we not send to France, in return, food, in the form of coal† and iron, at less cost for freight than that at which they now have English coal and iron that must pay all the cost of the voyage out and home? The greater the value of the import trade—and men are the most valuable commodities we can import—the greater will be the variety of articles we can export.

It is contended that by having two markets to which he *must* resort, the condition of the farmer is improved, and that if he had but the home-market he would have lower prices than at present—that is to say, that if he could sell all he produces at home, he would obtain less than he now obtains by going from home. Directly the reverse is the fact, when men are *compelled* to seek a distant market.

The first questions to be asked in reference to this are—Why is he obliged to go from home? Why does the supply of food increase faster than the demand? For this there are two reasons. First: we do not import consumers enough; and, Second: of those whom we do import, too many are forced to become producers of food, in consequence of the difficulty attendant upon employing themselves in other pursuits where they would be consumers of food. The man who works in a coal mine earns $300 a year, and perhaps more. Much of this goes for food,

* Some of these variations are, of course, attributable to the extent of the crop. The yield of wheat in the West in this year was larger than in any since 1839.

† Offers have been made to transport coal to France at little more than the ordinary freight from Philadelphia to Boston.

and all of it goes in payment for things that are the product of the earth, for every man is a consumer to the full extent of his production. Ten thousand miners and labourers are customers for those products to the extent of $3,000,000. Forty thousand mechanics, miners, and labourers, are customers to the farmer and planter to the extent of $12,000,000, which is far more than we can expect to export in future years. We now import annually above a quarter of a million of people, and there are half a million of our own home-grown population annually attaining maturity. By deducting from agriculture 20,000 working-men we diminish the number of producers, and by employing these 20,000 in other pursuits we increase the number of consumers to such an extent as to prevent the existence of the surplus of which we now complain. Judging, however, from the past, the adoption of protection as a permanent system would result in the increase of immigration to a vast amount, and of these a large proportion would gladly remain consumers of food, whereas under the present system they are compelled to become producers of food.

When farmers have a demand at home for all they raise, they obtain a higher price than when they have to go abroad. In the one case, they obtain nearly as much *more* than the price in distant markets as the cost of transportation *from* those markets, whereas, when they have to go abroad, they obtain as much *less* than the price in those markets as the cost of transportation *to* those markets, *and the price of the whole is regulated by that which can be obtained for the trivial surplus.* Grain and flour have for several years been higher in the coal region of Pennsylvania than in Philadelphia, because the demand has been always in excess of the supply. Close the mines, and the farmers will have to send their products to Philadelphia, receiving therefor the city prices, *minus* the cost of transportation. At the present time, the price of grain throughout the Union is maintained wholly by the domestic market, for flour sells in Liverpool at less than the price in New York. Close the mines and factories, and convert miners and mechanics into farmers, and the price at home must be the Liverpool one, which will then be *lower* than at present, *minus* the cost of transportation, which will then be *higher* than at present.

Admitting, however, that we are to have at all future times, a surplus of grain for export, the next question would be—What is the course that will secure to the farmer the highest price in foreign markets? The answer must assuredly be, that it will be that which tends most to diminish the quantity to be sent to those markets from this or other countries. If, then, the present system of the commerce of the world tends to increase the supply, it must be adverse to the interests of the farmer. That such is the case can, I think, readily be shown.

We know that the more miners and mechanics we have, the more food we consume; and that the more agriculturists we have, the more food we produce. Such, then, must be the case with other countries. We know that under the protective system miners and mechanics increase in number, and that under the free-trade system the producers of food increase in number. Such, then, must be the case with other countries. It is obviously, then, to our interest that Russia and Germany should consume more food and export less, and that if they and we should do so, the price of food would rise. Russia and Germany, and we ourselves, have established the protective system, and the result has been to increase the consumers and diminish the producers; and if all the world could follow our example, the supply of food now pouring into "the great grain market of the world" would be so far diminished that the price would rise. This, however, is

but one of the effects that would result from a general determination to put down the colonial system.

We have seen that the consumption of cotton in other countries is small, while here it is large. The price has already fallen so low that the planters are resorting to the cultivation of wheat, a measure that must tend to the injury of the farmer. Now, if we were consuming one half more cotton than at present, this state of things could not exist. The price obtainable by the planter would then be sufficiently high to prevent the necessity of abandoning its culture. Let us now suppose that Canada, and Russia, and Germany, and Ireland, could make a market for their now surplus labour, and thereby enable themselves to consume two or three pounds of cotton, where now they consume but one, and to consume more food than now they do—is it not obvious that the prices of food and cotton would both rise? That such would be the result of the abolition of the colonial system, as regards these countries, appears perfectly certain. If so, then the maintenance and extension of the protective system, with special reference to the entire abolition of that unnatural one which Great Britain has established, appears to me to be, most certainly, to the interest of the farmers as well as of the planters of the Union, and of the world.

Let us next examine the working of the system in Canada, in which there being, almost literally, no manufactures of any kind, there is no market on the land for the products of the land.

Freedom of trade is, there, perfect: that is to say, the people of Great Britain enjoy *a complete monopoly* of the machinery by aid of which alone the lumber and food of the people of Canada can be converted into cloth and iron. The consequence is, that the labour-cost of manufactured articles is so great that the consumption of them is small. The whole export of cotton cloth from Great Britain to her North American possessions, in the seven years, 1840–46, averaged twenty millions of yards, fine and coarse, and if the whole were there consumed, it would give but ten yards per head, or about two and a half pounds of cotton to each individual; whereas the consumption of the Union averages thirteen pounds per head, and is far more than that in the States nearest to Canada. If, now, we desire to know why it is that consumption is less on the one side of the line than on the other, the reason may be found in the fact, that the Canadian gives much more labour for his cloth and his iron than the American. Even his wheat is less in price; and if so, how must it be with those bulky commodities that will not bear transportation? He must, in the words of Sir Francis Head, "eat all he raises," for he has not made, nor can he make a market on the land for the products of the land.

To the Canadians it is perfectly obvious that the price of food with us is maintained by the demand for home consumption, and therefore it is that there exists so universal a desire for the abolition of all restriction in the importation of their productions into the Union. They have perfect freedom of trade with "the great grain market of the world," and by it they are ruined. They desire intercourse with the great grain-*producers* of the world, and to obtain it they would gladly sacrifice their intercourse with England, taking production in lieu of free trade, and becoming members of the Union.

Were Canada within the Union, her consumption of cotton would rise to a level with our own, for she would at once commence to make iron and cloth at home, producing thereby a demand for labour that is now being wasted. Instead of being a customer to the planter to the extent of two and a half pounds per head, every Canadian would take a dozen pounds; and thus would fifteen millions of pounds be added to the consumption, to the infinite advantage of the planter. The farmer of Illinois might then safely admit of free trade with

his Canadian neighbours, because with increased home consumption they would experience less necessity for going abroad to find that market for their products which the colonial system now denies to them at home. The farmer who believes in the advantage of free trade with England, should give his vote for the free admission of Canadian wheat, raised by men who consume cloth and iron made by men who eat the wheat of Poland and Russia. The farmer who sees that the price of wheat is maintained by the home demand, will be cautious of the admission of foreign wheat, duty free, until, by means of annexation, the farmer of Canada shall obtain the same protection that he himself enjoys, and thereby be enabled to make a market on the land for the products of the land.

Having thus examined the effects of protection, let us now look to what would be the effects of the adoption of perfect freedom of trade, as urged upon the world by England. It could not fail to be that of *rivetting upon the world the existing monopoly of machinery for the conversion of the products of the farm and the plantation into cloth and iron*, closing the factories and furnaces of Russia, Germany, and the United States, and compelling the people who work in them to seek other modes of employment, and the only resource would be to endeavour to raise food. There would then be more food to sell; but who would buy it? We have already seen that the whole exports of Great Britain amount, after paying for the grain she now imports, to but $4 32 per head, and that, small as it is, it tends to diminish. With that she has to pay for her sugar, tea, coffee, cotton, wool, lumber, and all other foreign articles required for her own consumption, leaving her no power to pay for more grain. Nevertheless it would be poured into her markets, and the consequence would be that she would obtain three bushels where now she has but one, precisely as we have seen to be the case with cotton. "Mark Lane governs the world's grain prices," and as the price obtainable for the surplus would fix that of the crop, the result would be, that the farmers would everywhere be ruined, and this with no benefit to the manufacturers of England, for her farmers would likewise be ruined, and her agricultural labourers would be discharged as is now the case with Ireland, whose population, deprived of employment at home, swarms to England, and destroys the power of the English labourer to obtain food, even at its present low prices—and the lower they fall, the less must be the demand for labour, and the less the power to obtain wages.

The proverb says, "put not too many eggs in one basket." The object of the British system is, and has always been, that of compelling the world to put all the eggs in the same basket; and the natural result is the occurrence of perpetual convulsions, producing devastation and ruin throughout the world, whenever her artificial system becomes deranged. A review of her operations, during the past thirty years, shows her, at every interval of four or six years, holding out to the world the strongest inducements to send her all they could spare of sugar, and coffee, and cotton, and agricultural produce of every description. About the close of the second year of this movement, when the machinery of importation had got into full operation, a change is seen to have "come over the face of the dream," and the whole energies of the country to have been directed to breaking down prices, with a view to compel exportation. The farmers and planters whom she so recently courted are now ruined. Their agents are selected as the first victims, and if the result be bankruptcy, public or private, it is followed by vituperation of the foulest kind; and thus is insult added to injury. The people of Pennsylvania and Maryland, Indiana and Illinois, Michigan and Mississippi, have had to endure all this, the result of the working of the Compromise tariff of 1833. In 1846, the whole world was urged to send food at any price.

In 1847, the whole object was to depress prices. Rice was sold for the mere freight and charges. Large shipments of corn brought the shippers in debt for the payment of those expenses. The fever and the chill having passed away, there is next seen to succeed a period of languor: then one of moderate activity, such as is now beginning to make its appearance. Next, speculation, excitement, and large imports, to be followed by the ruin of all around, in the effort to save herself. At the present moment, she takes certificates of debt in payment for iron, as was the case ten years since; but the day is not far distant when these certificates will have to be redeemed with gold.

Were it proposed to the people of the Union to make New York or Pennsylvania the deposit for all the products of the Union that required to be converted or exchanged, the absurdity of the idea would be obvious to every one. The wheat-grower of Michigan would find himself entirely at a loss to know why he should exchange with the neighbouring wool-grower by way of New York; and the cotton-grower of South Carolina would be equally at a loss to see the benefit of a system that should compel him to exchange with the wheat-grower of Virginia, through the medium of Philadelphia or Pittsburgh; yet such is precisely the object of the colonial system. The wheat of Michigan travels to Liverpool with the wool of Michigan, and the exchanges between the wheat-grower and the wool-grower are effected through the market of Leeds, three-fourths of the wool and the wheat being lost on the road. The rice of South Carolina goes to Manchester in company with the cotton of South Carolina; and the corn and the cotton of Tennessee cross the ocean together; and this long journey is performed under the idea that the planter can obtain more cloth for his rice, or the farmer more iron for his corn, by this circuitous mode of exchange than he would do if the exchanges were made on the spot. There are many who doubt the truth of this, yet all English politico-economical writers assure us that such is the fact; and every measure now adopted by the British Government is directed towards the maintenance of the *monopoly of machinery*, by aid of which the people of the world have been compelled to make their exchanges in her factories.

If such a course would, under any circumstances, be absurd, how much more absurd is it in a case like the one under consideration, where the power of purchase is so small, and so little capable of increase. Whatever goes to England must be there consumed, unless it can be forced off by means of low prices; and for what she consumes, be it much or little, she has $4·32 per head of her population to distribute, in the form of cloth and iron, among the farmers and planters of the world. It is a Procrustean bed, and the misfortune of the poor farmers and planters is, that whatever she cuts off from the portion sent to her is, as a consequence of the system, cut off from all the crop.

The producers of the world have been, and they are now being, sacrificed to the exchangers of the world; and therefore it is that agriculture makes so little progress, and that the cultivators of the earth, producers of all we consume, are so universally poor, and so generally uninstructed as to their true interests. The day, however, cannot be far distant when our farmers and planters, at least, will be satisfied that their interests cannot be promoted by a system that separates the consumers from the producers, and renders cloth and iron so costly as to cause the average amount of the consumption of either to be utterly insignificant.

The object of protection is that of diminishing the distance and the waste between the producer and the consumer; thereby enabling the producer to grow rich, and to become a large consumer of cloth and iron. That it did produce that effect is obvious from the immense increase in the consumption of both in the period between 1843 and 1847. That the facility of obtaining

iron enabled the farmer to improve his mode of production and obtain large returns is obvious from the fact that the supply of food increased so rapidly. That the free-trade system produces the reverse effect, is obvious from the great reduction in the consumption of iron in the years 1842 and 1843, and from the reduction now going on; the whole consumption of this year not equalling that of 1847, notwithstanding the vast increase of population.

The producers of food throughout the world have one common interest, and that is to be promoted by the abolition of the existing *monopoly system*, which tends to destroy themselves and their customers.

The farmer is also a *producer of wool*, and therefore I will briefly allude to that interest.

If we desire evidence of the truth of what has been said in relation to food, it may be found in the condition of the wool market for several years past. Our production is less than our ordinary consumption, and the consequence is, that the price is *higher* than in any country of the world, by the whole amount of the cost of transportation.* Close the woollen mills, and the price must fall to the level of the markets of Europe, *minus* the cost of exportation. The increased supply then would, as a matter of course, produce a fall of prices, and then the sheep grower would be ruined.

The changes of policy of the last twenty years have several times ruined the woollen manufacturers, and the sheep growers have as often exterminated their flocks; the consequence of which is, that we have less than 30,000,000, when, if the policy adopted in 1828 had been maintained, we should now have 100,000,000, and a market for their whole products at higher prices than now; for the prosperous labourers, miners and mechanics, cotton-growers and food-growers, would then consume six pounds where now they consume but three, and the number of our population would be greater by 7,000,000 than at present. The discord that now exists is the result of the "war upon the labour and capital of the world" maintained by England, and when peace shall have been restored by the abolition of the monopoly, it will be found that, between the interests of the sheep-grower, the producer of food, the miner and the mechanic, there is perfect harmony.

CHAPTER ELEVENTH.

HOW PROTECTION AFFECTS THE PLANTER.

Having thus shown how the English, or colonial, system operates upon the farmers of England and of the world at large, I propose now to examine how it operates upon the planters.

Of all the products of the earth, cotton is that which is best fitted for clothing purposes, and that which would be most universally used were it accessible to those who desired to use it, which it is not. There are few commodities that can be more easily raised, none that can be converted into clothing at less cost of labour, and yet, so defective are the arrangements for its distribution, that by the time it reaches the consumer it has become so costly that its consumption is almost nothing.

The whole quantity of cotton raised is probably 1,500,000,000 pounds being about one and a half pounds for each person composing the population of the world; yet, notwithstanding the exceeding smallness of this quantity, the power of consumption throughout the world is so small that the

producers are contending with each other for the possession of the markets: and the competition is so great that whenever the crop of this country reaches 1000,000,000 pounds, it is sold at a price less than the actual cost of production. Some of the countries that formerly exported it to a considerable extent, now raise little more than is needed for their own small consumption; and even here the question of limiting the quantity, as the only way to avoid ruin, has been the subject of anxious discussion. Throughout the South, planters are turning their attention to food, although the market for every description of food is, and must continue to be, glutted, unless we have a change of policy.

There is a perpetual complaint of over-production, and it is matter of rejoicing when, by reason of short seasons, or any other occurrence, the crop is diminished 200,000 or 300,000 bales, the balance producing more in the market of the world than could otherwise have been obtained for the whole. No better evidence need be desired that there exists some error in the distribution.

Over-production cannot exist, but under-consumption may and does exist The more that is produced, the more there is to be consumed; and as every man is a consumer in the exact ratio of his production, the more he can produce the better it will be for himself and his neighbour, unless there exist some disturbing cause, preventing the various persons desiring to consume from producing what is needed to enable them to effect their exchanges with the planter, to the extent that is necessary to their comfort.

In examining into the movements of the cotton trade of the world, I may sometimes have occasion to refer to facts already given; and if I prefer to re-state them, it is because, from the great importance of a proper understanding of the subject, I deem it best to collect all the facts necessary to that end under one head.

The two great cotton-producers of the world are India and the United States. The former has long exported to distant markets food and cotton, indigo and saltpetre, bulky articles, the freight and charges upon which absorb nearly the whole product, and, as a necessary consequence, the condition of the people has steadily deteriorated. The difficulty of obtaining food has steadily increased as her manufactures have declined, and repeated famines and pestilences have swept off millions, thus diminishing the power of combination; and she now *therefore* exports men to occupy the places recently occupied by the slaves of Jamaica, Guiana, Demarara, and other of the West India colonies. With each such step, the cotton culture recedes from the low and rich lands towards the higher and poorer ones, and the condition of the cultivator deteriorates, for with each a larger proportion of his product is swallowed up in the cost of transportation.

In the early part of the present century, the manufacturers of India supplied cotton goods to a large portion of the world. England had then, however, invented machinery for its production, and to secure herself in its exclusive use she had prohibited its export, as well as that of artisans, and thus she compelled the cotton to come to the loom, instead of permitting the loom to go to the cotton. By degrees she cut off the foreign market of the manufacturer, but his home market still remained to him, so long as the Company retained the exclusive control of the trade. In 1821, the last year of the monopoly, the export from England to India was but 5,000,000 of yards, and 4,000,000 of pounds of yarn. In 1832, it had reached 60,000,000. In the first half of last year it was 110,000,000 of yards, and 10,000,000 of pounds of yarn. Large as are these figures, they require but little more than 100,000 bales for their production, and would make a consumption of perhaps 220,000 bales per annum, to take the place of that which has

ceased to be raised. With every step in the increase of importation, production has diminished. The culture and the manufacture both have disappeared from the rich lands of Bengal. The fields formerly occupied by this most useful plant have relapsed into jungle, and if we now desire to find the poor cotton planter we must seek him among the hills, where he obtains small crops in return for much labour, and then spends months in the work of transportation to the Ganges, where his miserable product is shipped to Calcutta on its way to England, to return to him at the close perhaps of the second year, giving him a few yards of poor cloth, a combination of cotton and flour, in return for the cultivation of an acre of land.*

Under this system the value of labour diminishes steadily and regularly, and with it the quantity and quality of the cotton produced,† yet Englishmen are accustomed to regard the low price of labour as one of the elements of cheap production, and to look to it as affording good reason to hope for large supplies in future. Thus Mr. Porter informs us that:—

"In the level plains of Candeish, and in many other parts of Hindostan, cotton wool, freed from the seed, could be sold with a profit to the cultivators, at one penny per pound, a cost which is trebled or quadrupled by the expense of conveyance to the ports of shipment."—*Porter's Progress of the Nation.*

The price which remains to the cultivator is one penny per pound, but where "the profit" is to be found when the whole wages consist in an insufficient supply of the poorest food and clothing, followed by famine and pestilence in every case of failure of crops, it is difficult to imagine. Such, however, is the usual mode of treating this subject in England.‡ The more

* The produce of the great cotton-growing districts on the Nerbudda is carried on oxen, each taking one hundred and sixty pounds, at the extreme rate, in fair weather, of seven miles a day. The distance to Mirzapore, on the Ganges, is five hundred miles, and the cost is two and a half pence, or five cents, per pound. Thence it goes to Calcutta, a distance of eight hundred miles, by water, unaided, I believe, by steam. From another portion of the cotton-growing districts, in the Deccan, the transport occupies a continuous journey of two months, and in the rainy season the road is impassable and the traffic of the country is at a stand. *In the absence of even a defined road*, the carriers, with their pack cattle, are compelled to travel by daylight to prevent the loss of their bullocks in the jungles through which they have to pass, and this under a burning sun of from one hundred to one hundred and forty degrees. If the horde, sometimes amounting to a thousand, is overtaken by rain, the cotton, saturated with moisture, becomes heavy, and the black clayey soil, *through which lies the whole line of road*, sinks under the feet of a man above the ankle, and under that of a laden ox to the knees: and in this predicament the cargo lies sometimes for weeks on the ground, and the merchant is ruined! "Black clayey soils," rich and fertile, are here superabundant, but the poor wretch who raises the cotton must cultivate the high lands that require neither clearing nor drainage, and his masters take half the product of their poor soils while refusing even to make a road *through* the rich ones: yet forcing him to send his cotton to market to be exchanged for cotton cloth manufactured thousands of miles distant. A system better calculated to compel men to continue cultivating the poorest soils, by aid of sticks, could not be devised.

† Import of cotton from India into England:—

1844	88,000,000 lbs.
1845	58,000,000 "
1846	34,000,000 "

Total export of all India to all parts of the world:—

1835–36	1,305,000 cwts.
1836–37	1,557,000 "
1844–45	1,623,000 "
1845–46	1,328,000 "
1846, 8 months	600,000 "

‡ A series of popular lectures on the cotton manufacture has recently been delivered in London, by Mr. Warren, of Manchester. In his first lecture he stated that should the

unproductive labour can be made the lower will be its price, the more confident will be the hope of using it to advantage, and the larger will be the sums expended in an effort that must prove for ever vain, while the people shall continue to be prevented from consuming on the land the products of the land.*

The deterioration of quality is due to the recession of cultivation from the lower and richer lands; and that recession is a consequence of the system that has ruined the manufacturers of India, and destroyed the power of combination of action. We know the superiority of the sea-island cotton. In Demarara, cotton plantations have always succeeded better on the sea-coast than in the interior. So was it in India. Salt manure is deemed to be of absolute necessity if superior quality be desired, as it gives a staple at once strong and silky. Such being the case, it is useless to attempt improvement, when day by day the cultivation recedes from the neighbourhood of the sea, producing in England a strong desire for the making of railroads by which it may be enabled to make its way from the hills without costing more labour for its transportation than had been required for its production. Every such effort must prove a failure. Free trade with England drove it to the hills. Freer trade will drive it to hills yet more distant. In some cases it is thought that if the poor people could be provided with carts, they could extend the culture with advantage, but the use of such vehicles supposes the previous possession of something like laid-out roads, and those are luxuries with which most of India is yet unprovided.

Like the people of India, those of the Southern States of the Union have, thus far, had a bulky outward trade, that had, of course, to bear all the expenses of the voyage out and home. For a time, this prospered. India was distant from the machinery of conversion and Carolina was near, and while it still continued necessary to resort to the former for supplies, the price of that raised in the latter was the price in India, *plus* the difference of transportation. England was a sort of home market in which the planter obtained twenty or thirty cents per pound. By degrees, however, the near supply rose above the near demand, and it became necessary to seek for

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manufacturing population of that country increase during the next ten years in the ratio in which it has done during the last, it will become necessary, in order to employ them, to secure a permanent and cheap supply of cotton. This can be done, he thinks, by cultivating it in British India, where, on the authority of Major-general Briggs, Sir Charles Forbes, and others, there can be produced a supply sufficient for the wants of the entire world, equal in quality to the article supplied from New Orleans, *and cheaper than it by one-half*. He states the wages of American slave labour to be equal to about 1*s*. 6*d*. per day, while *that of the free Hindoo is only about two pence*. The advantages to be derived from such a course, he stated to be the certainty of a good and adequate supply at a cheap rate, the consolidation of our Indian possessions by the means of commerce, and the emancipation of the American slaves, by rendering their labour profitless to the owners.

* The "London Chronicle," of a late date, has an article showing that the efforts which have been put forth during the last few years to make India a cotton-growing country that might rival the United States have entirely failed. It notices the failure and abandonment of the experiments in cotton cultivation that have been carried on, under Dr. Wight's superintendence, at Madras. This enterprise, which had for its object the production of an article less palpably inferior to the cotton of America than the present badly-picked and indifferent Indian commodity, was zealously, and even lavishly, supported by the local government; but the late failure of a similar experiment in Bengal, after an outlay of about £100,000, had already given fair warning of the probable issue of Dr. Wight's efforts in the sister presidency, and with its abandonment would seem to settle the question that India will not again become, as it once was, a great cotton-growing country. In 1796 America did not export a single pound. In 1834 she exported as much as all the rest of the world put together. And in 1846, out of 467,836,274 Lbs. imported into this country, 401,949,893 lbs. came from the United States, while only 34,556,143 were supplied by the East Indies and Ceylon! The total value supplied from India in 1845 did not exceed £600,000.

markets for cloth and yarn in India and China, in which the price realized by the producer could not exceed that at which it could there be sold, *minus* the difference of transportation. The necessary effect of this was to diminish the productiveness of Indian labour, and the power to consume cotton, and of course to increase the quantity to be forced upon the world, and with every step in course of this operation, there has been increased competition on the part of the American grower; the result of which is, that the Indian producer is ruined, and the American one is saved from ruin only by destructive operations of nature, frosts, freshets, and crevasses, by aid of which the supply is retained within the limits of demand.

The average consumption of this country is not less than thirteen, and is, most probably, fifteen pounds per head; and it is less, by at least one-half, than it would be but for the heavy cost, in labour, to the consumer. The average consumption of the world, outside of the Union, is little more than one pound per head, or about one-thirtieth of what it ought to be; and yet cotton has become almost the weed of the world, and men are everywhere desiring to substitute in its place something that could be better grown elsewhere. On the high lands they substitute wheat, which would grow better farther north. On the low lands they raise sugar, which would be much more productive farther south. Here are serious discords, and it is important that we trace the cause of their existence, with a view to provide a remedy for a state of things so unnatural.

With a view that we may do so, I give the following

SUMMARY STATEMENT OF CROPS, CONSUMPTION, &c., OF AMERICAN COTTON, FOR TWELVE YEARS.*

	Crops, as shown by receipts the 31st Aug.	Consumed in the U. States, year end'g 31st Aug.	Stock at the ports end of the year 31st Aug.	Imports of American Cotton into Great Britain, from 1st Jan. to 31st Dec.		Total am't. of American Cotton consumed in Great Britain.	Stock of Am. Cotton in Gt. Britain, Dec. 31.	Average quot. of Uplands in Liverpool.
1836—7	1,422,930	222,540	109,036	1837	844,812	778,492	158,100	7 *d.*
1837—8	1,801,497	246,063	68,961	1838	1,124,800	913,328	316,100	7
1838—9	1,360,532	276,018	69,963	1839	814,500	813,488	242,300	7 7/8
1839-40	2,177,835	295,193	78,780	1840	1,237,500	1,018,784	403,000	6
1840—1	1,631,945	297,288	72,479	1841	902,500	809,900	344,600	6 1/4
1841—2	1,684,211	267,850	31,807	1842	1,013,400	893,256	373,400	5 3/8
1842—3	2,379,460	325,129	94,486	1843	1,396,800	1,110,046	593,200	4 5/8
1843—4	2,030,409	348,744	159,772	1844	1,246,900	1,126,008	654,900	4 7/8
1844—5	2,415,448	389,006	98,420	1845	1,499,600	1,289,808	809,100	†4 3/8
1845—6	2,100,537	422,597	107,122	1846	937,000	1,280,096	397,800	4 7/8
1846—7	1,778,651	427,967	214,837	1847	874,100	867,516	286,200	6 3/8
1847—8	2,347,634	531,772	171,468	1848	1,375,400	1,189,500	348,300	4 1/4

The stock in our own ports, Aug. 31, 1836, appears to have been,			109,000
That of American cotton in English ports,	- - -		90,000‡
The crops of the twelve years, from 1836–7 to 1847–8, were			23,571,000
To which must be added, for the additional consumption in the South and West, in the last two years,	- - -		125,000
	Total,	- -	23,805,000
The stock in port, and in G. B. at the close of the season 1847–8,			520,000
	Consumption of twelve years,	- -	23,375,000
Thus divided—English,	- - - -	12,100,000	
American,	- - 4,052,000		
Additional, as above,	125,000		
		4,177,000	
Leaving for the rest of the world,		7,098,000	
			23,375,000

* From the New York Courier and Inquirer.

† Duty, $\frac{5}{16}d.$ per lb. taken off by Act of Parliament, passed 8th May, 1845.

‡ The imports of 1837 exceeded the consumption by 66,000 bales, and the stock, at the close of the year, was 158,000, from which, if we deduct the 66,000, there remain 92,000.

	Average of the first Two Years.	Total Average.	Average of last Two Years
English,	846,000	1,008,000	1,028,000
American,	235,000	348,000	542,000
All other,	444,000	591,000	548,000*
	1,525,000	1,947,000	2,118,000

From this we see that the average consumption of the twelve years exceeded that of the first two, in the following ratio:—

English,	18 per cent.
American,	50 " "
All other,	22 " "

But when we compare the first and last two years of the period, we obtain the following results:—

English,	21 per cent.
American,	125 " "
All other,	23 " "

The portion of Europe that has most fully adopted the system of protection being the *Zoll-verein*,† it will be useful to compare the growth in their consumption with that of Great Britain and Ireland.

The imports of raw cotton into *Prussia* before the formation of the Tariff-league or *Zoll-verein*, remained from 1827 to 1835 stationary at 44,000 cwts. per annum.‡ That of yarn increased from 1823 to 1835, from 61,000 to 115,000 cwts. The total increase of twelve years, was from 105 to 159,000 cwts., or from 30 to 45,000 bales. The following shows the growth from that period in the territories of the confederation:—

	1836.	Average from 1837 to 1841.	1843.	1845.
Raw cotton, quintals	152,364	200,093	306,731	443,887
Cotton twist and wadding, do.	244,869	351.884	475,564	574,303
	397,233	551,977	782,295	1,018,190

The quantity has more than doubled, and the home consumption has increased about 75 per cent.§ in a period during most part of which our own consumption had remained stationary.‖ The quantity of twist and wadding imported from Great Britain had increased 135 per cent. in a shorter period than was required in the latter for an increase in her home and foreign consumption of only 21 per cent. The power to import thus grew with the power of production. It is obvious that the consumption tends, and must tend, to increase most rapidly where there is the least intervention between the producer and the consumer, and equally so that the English demand, based upon the principle of intervention between the two, and consequent increase of cost to the consumer, cannot be largely and permanently increased. That of 1846–7 was less than that of 1837–8, and the difference between that of 1839–40 and that of 1847–8, great as was the fall of prices, was but 171,000 bales.

The great increase in the consumption of the *Zoll-verein* is due to pro-

* This period embraces a season of war and convulsion over the whole continent.

† De Bow's Commercial Review, Vol. V. p. 267.

‡ Merchants' Magazine, Vol. XIII. p. 286. § Ibid.

‖ The increase of consumption after the formation of the Union was very rapid. As early as 1838, it was said, that "The cotton manufacture of Saxony had already become of twice the extent it had reached before the Union."—*Porter's Progress of the Nation*, Vol. II. p. 198. The quantity of cotton hosiery made in Saxony has increased immensely of late, and from its cheapness has not only secured the monopoly of the markets of the Union, but has also been shipped largely to the United States.

tection. If, now, from the additional British consumption we deduct the *additional* yarn sent to this one protected country, we shall be enabled to see how trivial is the power of increase in the *unprotected* world. The account will then stand thus:—

	First two years.	Last two years.	Ratio of increase.
English	846,000	958,000*	13 per cent.
Zoll-verein (1836)	100,000	230,000*	130 "
American	235,000	542,000	125 "
All other	344,000	378,000	10 "

In the one case England took 846,000 at 7*d.*, total . $53,000,000
In the other, 958,000 at 5½*d.* 48,000,000

In both, the price was fixed in her own ports, and regulated by her own power of purchase. Had our home consumption absorbed 200,000 additional bales, thus reducing the supply to 750,000, the price would have been 8*d.* and the amount would have been $54,000,000

and the product of the whole crop would have been almost doubled.

The consequence of this incapacity of extending her foreign market is, of course, the accumulation of large quantities in English ports, accompanied by a fall of prices, by aid of which the English consumer obtains a larger quantity for the labour that he can afford to give in exchange for the materials of clothing, and that tends to decrease as his labour becomes more unproductive, and as the disposition to "fly from ills they know" increases. This will be seen by the following table:—

Crop. Bales.	Average price.	British and Irish consumption. Quantity.	Value.
1839—1,368,000	14·5 cents.	73,000,000 pounds.	$10,585,000
1840—2,180,000	8·6 "	172,000,000 "	14,620,000
1841—1,634,000	10·3 "	97,000,000 "	9,991,000
1842—1,684,000	8·2 "	97,000,000 "	7,954,000
1843—2,388,000	6 "	120,000,000 "	7,200,000
1844—2,030,000	8·1 "	124,000,000 "	10,116,000
1845—2,100,000	5·9 "	164,000,000 "	9,696,000
1846—2,101,000	7·3 "	147,000,000 "	10,731,000
1847—1,778,000	10·1 "	77,000,000 "	7,777,000
1848—2,347,000	7 "	130,000,000 "	9,100,000
1,961,000	8·6 "	1,201,000,000 "	9,777,000

The total home consumption by the 27,500,000 composing the population of the United Kingdom, was thus but 1,200,000,000 pounds, or an average of 120,000,000 per annum, giving 4⅓ pounds to each individual, supplied at a cost so low as to ruin the producer. The average of the first two years was 122,500,000, while that of the last two years was but 102,500,000, notwithstanding an increase of population that should have brought it up to 140,000,000.

From this statement it appears clearly that the power of the people of Great Britain and Ireland, to be customers to the cotton planters of the world, cannot go much beyond $10,000,000; and that, instead of increasing with the population, it tends decidedly to diminish. The reason of this appears to me obvious. The people of England are perpetually engaged in the effort to sell the products of their labour in distant markets, in competition with low-priced labour, and therefore at the *lowest* price; receiving payment in food and other articles of consumption produced in distant markets, which come to them burdened with enormous cost of transportation, and therefore

* I have deducted and added only 70,000 bales, supposing the last two years' export not to have been as great as that of 1845.

obtained at the cost of much labour. The natural growth of production elsewhere tends to increase the supply of raw materials, but the power to pay for them does not increase, because the labour of British subjects, home and colonial, instead of becoming more productive of commodities to be given in exchange, is becoming less so from month to month and from year to year, and yet into that constantly diminishing market are thrown all the surplus products of the world, that the price of the whole product may there be fixed. The effect of this is to throw on the planters the loss that should belong to themselves, and thus enable them to supply themselves at the *lowest* price; whereas, whenever the cotton planter shall cease to be dependent upon them for his market, they will again, as formerly, be obliged to buy at the *highest* price. The product of British labour, measured in the article of first necessity, food, is small, and the surplus remaining, to be applied to the purchase of clothing, is therefore very small indeed. They are incessantly engaged in supplying low-priced, and often worthless clothing to the world, and are therefore unable to clothe themselves.

That the tendency is downward, seems scarcely to admit of a doubt. A few years since, by a great effort, the poor-rates of England were reduced to less than £4,000,000. They have since risen gradually, and those of 1848 were £7,817,000, or $38,000,000. Every ninth person is a pauper. In Scotland, the destitution of a large portion of the population is frightful. The people of the Northern and Western Highlands are in a state of pauperism; and Glasgow and its vicinity present a scene of wretchedness scarcely, if at all, to be exceeded in the world. Ireland is exhausted. There being no separate accounts of the imports into that kingdom, it is not possible to ascertain the present consumption of cotton, but the condition of the people is now far lower than at the dates of the following returns:—

The whole import of cotton into Ireland from all parts of the world, in the twenty years from 1802 to 1821 both inclusive, amounted to 538,542 hundred weights, or about 150,000 bales, being an average of 7500 bales per annum, and the whole import of cotton yarn, to 19,995,350 pounds, or about 1,000,000 pounds per annum, the product of about 4000 bales, making a total of 11,500 bales.* The amount of cloth imported is not given.

In 1825, the year of great expansion everywhere, with an export to Great Britain of agricultural products amounting to almost $35,000,000, we find the import of cotton-wool to have been 4,065,930 pounds, and the import of cotton cloth to have been 4,996,885 yards, making in the whole about 6,000,000 pounds, or about 18,000 bales of cotton, in all its forms, required for the supply of almost 8,000,000 people; being about three-quarters of a pound per head.

In subsequent years, no information can be obtained, owing to changes in the mode of keeping the custom-house accounts; but in a general report on the state of the trade of Ireland, made by a committee whose object would not have been promoted by under-estimates, it is stated that the import of cotton-cloth into that kingdom was, in 1835, 14,172,000 yards, being equal to about 4,000,000 pounds of cotton, or half a pound per head. What quantity of cotton-wool, or yarn, was imported at that time, cannot be ascertained, but it is elsewhere shown that some of the largest establishments for manufacture, of a period somewhat earlier, had disappeared, and that the calico printers were in a state of bankruptcy.†

We may now look to the consumption of the colonies of Great Britain. In the years 1845, '46, '47, the export to them was as follows,‡ in millions of pounds:—1845, 85; 1846, 87; 1847, 67. Of this, however, large

* Ireland before and since the Union, by R. Montgomery Martin, pages 56 to 60. † Ibid
‡ Merchants' Magazine, Vol. XIX. 600.

quantities went to Gibraltar, Malta, Jamaica, and other places, to be smuggled into Spain, Mexico, and other countries, and the consumption of the colonies of themselves could not have exceeded 70,000,000, or about 170,000 bales, for more than 100,000,000 of inhabitants. During this time, the average price was a fraction over 7 cents, and it follows that $5,000,000 is the maximum amount of trade maintained, through the medium of England, by the planting States of the Union, with a large portion of the people of the world, although producing two-thirds of the whole quantity of this necessary commodity for the use of the world.

Taking the total consumption of the United Kingdom and the colonies, we now have the following quantities :—

	1845.	1846.	1847.
Millions of pounds . .	239 .	234 .	144

Need any better evidence be desired of the poverty inflicted by the system upon all the people subject to it, than the fact that an increase of price equal to one cent per yard reduces the consumption almost one-half?

Let this be compared with the growth of consumption in the protected markets of Germany and the United States, and it will be seen how steady is the protected, or real free-trade, system, compared with the perpetual change of the monopoly one. How great, too, the difference in the consumption per head!

While England and all her vast possessions consumed but	144,000,000
the consumption of the *Zoll-verein* (population 25,000,000)	
had grown in nine years from 45,000,000 to . . .	115,000.000
and that of the Union was	243,000.000

We have seen how slow has been the growth of the English demand, and it may now be well to see the wasteful and exhausting process by which even this has been obtained. "The extremely low price of cotton," say Messrs. Rathbone, Brothers & Co.,* "has encouraged the manufacture of a very inferior class of goods, which require a great weight of cotton compared to the labour expended on them, and *of which the make ceases entirely when cotton is moderately high.* The demand for very coarse yarn," they continue, "is always large at very cheap prices, but in the year just closed it has exceeded all precedent,† particularly for export, chiefly to the Levant, and in some instances to accelerate its make, *it has not passed through all the usual processes.* It is on the consumption of cotton for these classes of goods," they add, "that even a moderate advance in prices is apt so immediately to tell." The cotton thus forced into the Levant goes to the same countries that before were supplied from India, and thus is the poor Hindoo deprived of another portion of his market, the necessary consequence of which must be a further depression of prices, and increased inability to continue the work of production. The decline in the trade of Western India is remarkable, and is probably the result of this flooding of the Asiatic markets with half-made cotton goods.‡

* Circular, January 3d, 1849.

† The prices of ordinary cotton ranging during a large portion of the year, from 3*d.* to 4*d.*

‡ The average imports of Bombay for the five years ending December 31, 1846, were 63,000,000 of rupees, while those of 1846 were only 52,000,000. The exports were as follows :—

		5 years ending December 31, 1846.	1846.
Cotton,	bales	380,987	257,743
Wool,	lbs.	3,421,976	4,626,470
Coffee,	lbs.	3,140,821	1,529,900
Pepper	cwts.	47,260	46,182
Indigo,	lbs.	135,833	55,928
Ivory	cwts.	5,764	6 109

It has been seen how large was the export to India in the first six months of the year, and now we see by the newspapers of the day what are the consequences. Low as was the price of cotton, the speculation has not answered. The markets are glutted, and the prices are unremunerative. "Great caution," it is said, "must now be exercised, or the exporting houses will suffer exceedingly."* The small rise in price has already caused many mills to commence working short-time, and the operatives in them are thus deprived of the power to purchase clothing. It is the most gambling, and most extraordinary system, and the most destructive to the interests of the agricultural population of the world that has ever been devised. The fever and the chill succeed each other with such rapidity that we are scarcely advised of the arrival of the one, before we see indications of the approach of the other. The cause of this difficulty of extending the sale of cotton in distant markets is to be found in the fact that the labour-cost of cloth so obtained is great. We have seen that the extension of the manufacture in this country for a few years following the passage of the tariff of 1828 was rapid, and that it then became almost stationary under the Compromise, yet the import not only did not increase but decreased until it reached the lowest point in the period of 1842–43. The labour-cost of clothing was steadily increasing, but as the tariff of 1842 came into operation the labour-cost diminished, and there arose a power to pay for finer cloths from abroad, and thus the import and manufacture increased together. If we desire to see the operation of this, we need only take a single farmer of Tennessee or Kentucky, who obtains 30 or 40 bushels of corn in return for the labour bestowed on an acre of land, and is happy to sell it at 20 cents per bushel,† when the price in Liverpool is 75 or 80 cents. Thirty-five bushels yield here $7, which is about the cost of 70 yards of tolerable cotton-cloth, plain and printed, when received on his farm. To produce those 70 yards would require 20 pounds of cotton, or one-twentieth of the product of a well-cultivated acre. To convert those pounds into yards of cloth requires far less than half the capital, and half the labour required for their original production. Taking, however, the conversion at one half, and adding that proportion to the number of pounds, we obtain the equivalent of 30 pounds of raw cotton as the return for 35 bushels of corn, and yet that corn sells, at the place of consumption, for as much as would purchase almost a bale of cotton. It is obvious that though the money-price of the cloth is low, the labour-price is high, and it is by the latter that the power of consumption is measured. The cloth, too, is worthless. As far back as 1832, the quantity of flour required for the use of the cotton factories of England was stated at *forty-two millions of pounds*,‡ or almost as much as the weight of 100,000 bales of cotton, all of which is traded off as cotton, to the poor consumers of distant lands, who are thus defrauded and impoverished.

Bad as is even this, it is far from all the loss that is sustained. The corn is sent from the land, and the farmer loses the refuse. The land is impoverished, and its occupant is compelled to fly to other lands, to be again impoverished. *The loss from this source alone is far more than the value of all the imports into the Union, of every description, from all the manufacturing nations of the world.* The apparently cheap clothing is very dear. It is obtained at the cost of much labour, and of little value when obtained.

* Morning Herald, November.

† "Tennessee grows more corn than any State of the Union. A few months since we took the liberty to ask a farmer from Tennessee who had a drove of hogs in our streets, the price of corn in the region from whence he came. He replied that it was worth ten cents, and wheat fifty cents a bushel."—*Augusta Chronicle, May*, 1849.

‡ McCulloch's Commercial Dictionary, article *Cotton*.

What is true of Tennessee and India, is equally so of the other parts of the world that are compelled to depend on England for supplies of cotton cloth. The poor Russian obtains less than a pound of cotton for a bushel of wheat, and thus he gives ten days' labour for one; whereas, if he could have cotton converted on the spot, by the man who ate his food, he would obtain day's labour for day's labour. So is it with the German, the South American, the Mexican, the Italian, the Spaniard, and the Turk. The system tends to prevent concentration and combination of action, and to diminish the value of labour throughout the world, and it is because of this, that almost all nations are endeavouring to shut out the manufactures of Great Britain. Everywhere, however, they are met by the smuggler, now regarded by the highest authorities of Great Britain as the greatest of reformers. Gibraltar is maintained for the purpose of smuggling goods into Spain. Exhausted Portugal receives millions of pounds of cotton goods, likewise to be smuggled into Spain; and thus is that unfortunate country kept in a state of poverty, because the people of England are pleased to believe that it is profitable to buy cloth produced abroad, while the labourer at home is idle for want of demand for his labour, and the food perishes on the ground for want of mouths to eat or roads to transport it.

If the system tends to the exhaustion of the people who have to buy cotton at so high a price, not less does it tend to the exhaustion of those who have to produce it, and who are compelled to sell at whatever price the people of England think proper to fix upon it. Why that is so, may, perhaps, be ascertained by an examination of the following table:—

Crop.	Stock in Liverpool, Dec. 31. Bales.	Price.	Gross proceeds of sales of American cotton in Liverpool, from which are to be deducted freights, commissions, &c. &c. Weight of bale estimated at 450 pounds.
1837—1,422,000	158,000	7*d.*	$49,000,000
1838—1,801,000	316,000	7	57,000,000
1839—1,360,000	242,000	7⅞	57,000,000
1840—2,177,000	403,000	6	55,000,000
1841—1,631,000	344,000	6¼	45,000,000
1842—1,684,000	373,000	5⅝	47,000,000
1843—2,379,000	593,000	4⅝	47,000,000
1844—2,030,000	654,000	4⅞	49,000,000
1845—2,415,000	808,000	4⅝	51,000,000
1846—2,100,000	597,000	4⅞	56,000,000
1847—1,778,000	286,000	6¼	51,000,000
1848—2,347,000	348,000	4¼	45,000,000

The quotations of the latter portion of the last year were below the average, being about 4*d.*, and about that point they remained for several months, until the chief portion of the crop had been shipped. The unfavourable prospects for the new crop tended to prevent a further fall, but it is impossible to tell what would have been the price had that of the present year increased in its proper ratio to the population engaged in its production. It would certainly have fallen much below even fourpence. An examination of this table will, I think, enable us to understand the cause of the present extraordinary state of things. A large portion of the crop of the present year has been destroyed by frosts, freshets, &c., and that fact, instead of bringing with it distress and ruin, has brought with it increased activity and life among planters, and increased power to consume cloth, sugar, coffee, &c. Why is it so? The answer can, I think, readily be given.

The amount that can be collected by Great Britain, in payment for American cotton, consumed at home and abroad, and for freights, commissions, &c., appears to be limited to somewhere between $45,000,000 and $57,000,000,

with an obvious tendency to diminution. Of the crop of the past four years, the quantity consumed among ourselves, and exported by us directly to foreign ports, has not varied materially from 1,000,000, The balance has gone to England, who has $57,000,000 with which to pay for 900,000 bales, say $63 a bale. The crop, however, reaches 2,400,000 bales, and we send her 1,400,000; all of which have to be compressed within a smaller sum than 57,000,000, for now there are large expenses for storage, interest, risk, &c., and the amount falls to 50,000,000, leaving the planter but $36 a bale, out of which he has to pay the high freights consequent upon large crops, and upon a large number of bales, instead of that moderate freight that would have accompanied small ones, and upon a small number of bales. The price obtained in England fixes that of the crop, and the result is as follows:—

1,900,000 bales at $63,	$120,000,000
Less low freights, at home and abroad, upon a small quantity.	
2,400,000 bales at $36,	86,000,000
Less high freights, at home and abroad, upon a large quantity.	

It is obvious that it would have been far better that the 500,000 bales should have been burned, or destroyed by frost before being picked. The crop of 1844 was 812,000,000 pounds, and the product was estimated at $65,772,000
In 1845, it rose to 958,000,000, and the product fell to . 56,000,000
In 1847, it fell to 711,000,000, worth 72,000,000
In 1848, it rose to 1,100,000,000, and until the occurrence of frosts and freshets, the prospect was that it would not average at New Orleans more than 5½ cents, or . . 60,000,000

The gradual but steady subjugation of the planters to the system may be seen from the following facts: From 1830 to 1835, the price of cotton here was about eleven cents, which we may suppose to be about what it would yield in England, free of freight and charges. In those years our average export was about 320,000,000, yielding about $35,000,000, and the average price of cotton cloth, per piece of 24 yards, weighing 5 lbs. 12 oz., was 7*s.* 10*d.*, ($1·88,) and that of iron £6, 10*s.*, ($31·20.) Our exports would therefore have produced us, delivered in Liverpool, 18,500,000 pieces of cloth, or about 1,100,000 tons of iron. In 1845 and '46, the home consumption of the people of England was almost the same quantity, say 311,000,000 pounds, and the average price here was 6½ cents, making the product $20,000,000. The price of cloth then was 6*s.* 6¾*d.*, ($1·57½,) and that of iron about £10, ($48,) and the result was, that we could have, for nearly the same quantity of cotton, about 12,500,000 pieces of cloth, or about 420,000 tons of iron, delivered in Liverpool. Dividing the return between the two commodities, it stands thus:—

	Average from 1830 to 1835.	1845–6.	Loss.
Cloth, pieces, -	9,250,000 .	6,250,000 .	3,000,000
And iron, tons, -	550,000 .	210,000 .	340,000

The labour required for converting cotton into cloth had been greatly diminished, and yet the proportion retained by the manufacturers was greatly increased, as will now be shown:—

	Weight of Cotton used.	Weight of Cotton given to the planters.	Retained by the manufacturers.
1830 to 1835, - -	320,000,000 -	110,000,000 -	210,000,000
1845 and 1846, - -	311,000,000 -	74,000,000 -	237,000.000

In the first period, the planter would have had 34 per cent. of his cotton returned to him in the form of cloth, but in the second only 24 per cent. The grist miller gives the farmer from year to year a larger proportion of the product of his grain, and thus the latter has all the profit of every improvement. The cotton miller gives the planter from year to year a smaller portion of the cloth produced. The one miller comes daily nearer to the producer. The other goes daily farther from him, for with the increased product the cost of transportation is increased.

We may now inquire into the cause of the accumulation of stock in the English market, and if that can be ascertained, we shall be able to see why it is that cotton has fallen so ruinously low.

Of the crop of 1828–29, our own consumption was . . 118,000
Of those of 1832–33 and 1833–34, the average was . . 195,000
Of that of 1834–35, it was 216,000

having almost doubled in six years, and with a tendency to an increase in the ratio of advance; and this increase was attended by no diminution in our consumption of foreign cloth.

Of the crop of 1841–42, we consumed only . . . 268,000

with a great diminution in the consumption of foreign cloth.

Of that of 1847–48, ... 607,000

with a large increase in the consumption of foreign cloth, the total consumption having much more than doubled in a similar period of time. In the period intermediate between 1835 and 1843, our consumption had been stationary. Had it not been interfered with by the action of the Compromise bill, it would certainly have doubled in that period, and probably much more than doubled. If, however, we assume an increase of only $12\frac{1}{2}$ per cent. per annum, or quadruple the increase of population, the following would have been the home demand:—

1835–6 . .	243,000 bales	1839–40 . .	388,000 bales
1836–7 . .	273,000 "	1840–41 . .	437,000 "
1837–8 . .	307,000 "	1841–42 . .	491,000 "
1838–9 . .	345,000 "	Total . .	2,484,000
The actual consumption was			1,844,000
Difference			640,000

The loss of demand to the planter was thus more than *the whole quantity* that was left unsold when the market broke down.

Following up the consumption to the present time at the same rate, we obtain the following results:—

1842–3 . .	552,000 bales	1846–7 . .	883,000 bales
1843–4 . .	621,000 "	1847–8 . .	994,000 "
1844–5 . .	680,000 "	1848–9 . .	1,019,090 "
1845–6 . .	785,000 "		5,550,000
The actual consumption has been about			3,000,000
Difference in seven years, ...			2,550,000
Total difference, ...			3,190,000

No one can doubt that the progress would have been greater than is here set down, and yet with no more than this, we should have used above 3,000,000 bales that we have not used. Had we done so, the producer of cotton would have fixed the price and not the buyer. Under such circumstances would it have fallen below ten or twelve cents per pound? Would it not, on the contrary, have risen to fourteen or fifteen, unless the crop had been much increased? I think it would, and I feel assured that it will do so in a very brief period from the thorough adoption of a system

that will establish here such a market for labour as will enable us to consume on the land the products of the land, and my reasons for so believing are as follows:—

The good cotton lands of India are now waste. To render them productive requires labour and capital. To induce the application of either, the labourer must have wages and the owner of capital must have profits. Both must rise in price with any increased demand for them. Such demand must arise when England shall find herself compelled to look to India for any increased supply, as she must do so soon as our home demand shall have risen to the extent of 1,000,000 bales per annum, as it will do in the next three years, if permitted so to do.

It will be asked, what should we do with all this cloth? In reply, I say again, and I repeat it because it is essential that it be recollected—*every man is a consumer to the whole extent of his production, whatever that may be.* Had the tariff of 1828 remained unchanged, the production of coal in the same period would have reached 15,000,000 tons, for furnaces and rolling-mills would have been built throughout the country, and railroad bars would have been made by hundreds of thousands of tons, and treble the roads would have been made without producing bankruptcy. The demand for roads, and mills, and furnaces, and steam-engines of every description would have created a vast demand for labour that was wasted, and the surplus earnings would have gone to the purchase of clothing and other of the conveniences and comforts of life, and there would have been made a market on the land for the products of the land, to the extent of hundreds of millions of dollars, enabling both farmer and planter to improve the machinery of production and transportation, growing rich instead of remaining poor as they have done. With each such step the immigration from Europe would have increased, and as every man would at once have become a producer, every one would have been a consumer. The Englishman would consume twelve pounds, where before he consumed but four, and the Irishman would consume twelve where before he consumed but one, while freights to Europe would be so far reduced that the price of cotton in New York would be almost as high as in Liverpool.

It will be observed that the quantity here set down for 1846–7 exceeds, by only one-third, that which we actually did consume. Had immigration continued to increase, from 1834 to the present time, at the rate at which it was then advancing, our population would be greater than it now is by 20 per cent., providing for nearly the whole quantity, without any allowance for increased consumption by the population previously existing. The whole of them would have needed large supplies of coffee, silk, and a thousand other things from abroad, for much of which we should have paid in cotton goods. The facility of obtaining iron would have given roads to the farmer and planter, and all would have had more of the proceeds of their labour to apply to the purchase of clothing. The planter himself, and his people, would now be consuming three yards where now they consume but one; and the home-market would now be absorbing 1,200,000 bales, instead of a million. What then would be the price of cotton, even with a crop of 3,000,000? Would it not be $60 a bale, yielding him 180 millions instead of 80? I think it would.

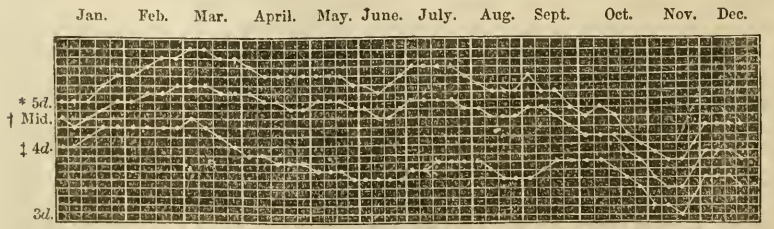
In 1845 and 1846, the planter supplied 311,000,000 of pounds, for which, *delivered on the sea-board*, he could have had 74,000,000 lbs. *delivered in Liverpool*, the freight and commissions, homeward, being paid by him. He gave 156,000,000 for 37,000,000, the charges upon which, without duty, would have reduced it to 30,000,000 on the plantation, and probably less. The 30,000,000 had, however, been twisted and woven, and the difference,

one hundred and twenty-six millions, was what he gave for the twisting and weaving of *thirty millions*. The average work of operatives, men and women, boys and girls, exceeds the conversion of 3000 pounds of cotton into such cloth, per annum. The planter, then, gave 126,000,000 of pounds of cotton for the labour of 10,000 persons, chiefly boys and girls, and he transported 156,000,000 to market. Were he to calculate the cost of transportation from the plantation to Nashville, or other place of shipment, he would find that that alone was far more than the labour he obtained in return, and that he had in fact given the cotton itself away, receiving for it no equivalent whatever.

Had the whole 156,000,000 been converted at home into cloth, it would have amounted to about seven pounds additional, per head, for the people of the Union, and it would then have been consumed at home, for the consumption of the South would then have risen to a level with the present consumption of the North, and the latter would have largely increased, because of the great demand for labour that would have existed. Had that been done, the price of the whole crop would have been 8*d.* instead of 4½*d.*, and the planter would have received seven cents per pound, *additional*, on 900,000,000 of pounds, or *sixty-three millions of dollars*—and that, large a sum as it is, is but a part of the benefit that would have resulted from such a course of operation.

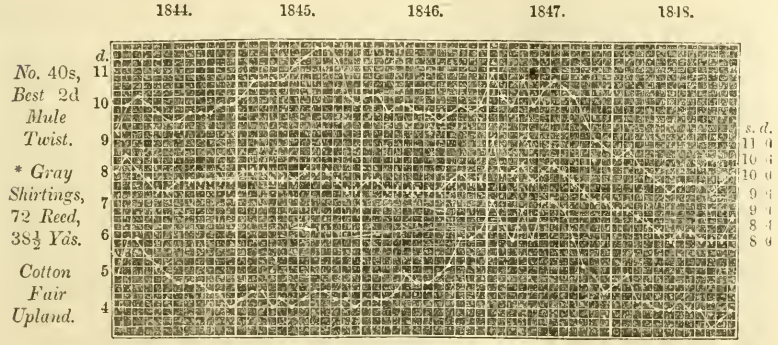
It will be said that high prices would arrest consumption. If so, how important it is to the producer to cut off the enormous charges of the host of persons that now intervene between himself and those who desire to consume his products. High prices, consequent upon the maintenance of the existing system, do arrest it, because they are a tax upon both producer and consumer. Such prices realized by the former, consequent upon an increased facility of exchanging with the latter, would produce a contrary effect. They would increase it; for we should obtain more from all the world for what we had to sell, and our own consumption would increase more rapidly. The increasing emigration to this country would raise the value of man abroad, and those whom we now see expelling him from their lands, burning his house that he may not return, would then find themselves compelled to offer him inducements to remain. Agriculture would then improve and wages would rise, and the power to consume cotton, on both sides of the Atlantic, would grow, to the infinite advantage of the planter. With the increased demand, he would at length find something like certainty in place of the present gambling system under which he is so often nearly ruined. How little certainty he now can have, will be seen by the following diagrams, which I take from the circular of Messrs. Rathbone, Brothers, & Co., before referred to.

Fluctuations in the price of Cotton, in 1848.



* Fair Orleans. † Middling. ‡ Ordinary.

The following shows the variations, from 1844 to 1848, in the prices of cotton, twist, and cloth.



The highest and lowest lines show the comparative prices of yarn and cotton, the quotations being per. lb. on the left of the tables. The middle line shows the fluctuations of a cotton long cloth, the quotations being per piece, on the right of the tables.

Here we see the price of cotton lowest when cloth is at the highest; and the manufacturers realizing fortunes, while the planter is being ruined. Such are the inevitable results of a system that forces almost all the cotton of the world into a market in which there is but a given amount to be exchanged against it, and in which the price of each pound is dependent entirely upon the relation which the whole mass bears to the constantly diminishing sum that can be spared to pay for it. It is a constantly shrinking Procrustean bed. While thus destroying the planter, and lessening his power to provide for his people, there is an unceasing abuse of him as an owner of slaves, and an unceasing threat to substitute the *free* labour of the wretched Hindoo for that of the well-fed, well-clothed, and well-housed labourer of the South, and the lower the price of cotton, the stronger is the determination to keep it low. Railroads are to be made in India, that cotton may come to market cheaply, and cotton cloth go more freely to that country: and yet with every step of increase in the export of cotton goods, the poor Hindoo becomes more and more enslaved, and more and more the victim of famine and pestilence.

The difference between twelve cents and eight cents per pound for cotton is, on an average, about one cent a yard. The consumption of Great Britain and Ireland is about fifteen yards per head, while the average of that of her colonies is about three. It is absurd to suppose that this difference could make any essential difference in the consumption of an article of the first importance, under natural circumstances; but if it could, how immense would be the difference in our home consumption that would result from the adoption of a system that would enable the farmers of Tennessee and Ohio to exchange produce with the planter—food for cotton—giving acre for acre, instead of, as now, bushels for pounds—the difference being swallowed up in the transit of the food and the cotton to and from Liverpool and Manchester.

The harmony of interests, throughout every part of the Union, is perfect, and all that is needed is, that all should understand it. What injures the farmer injures the planter; and *vice versa*, the planter cannot suffer without injury to the farmer. Throughout the South, planters are abandoning cotton and substituting wheat, and that at a moment when the European market

for food is to be closed against the hundreds of millions for which, *as it is asserted*, we now need a market.

As some may doubt the existence of this harmony, I propose now to show how the present course of action, as relates to food, tends to destroy the market for cotton.

The people of Germany and Russia, after feeding themselves, have food to sell. With the produce of that food they desire to buy cloth. The higher the price of the food they sell, the more cloth they can buy. The great food market, at present, is England. If we fill that market, the price of food will be low, and the German can buy little cotton. If we do not, it may be high, and he may buy much cotton. We are now converting labourers, miners, and mechanics into farmers, diminishing the consumers and increasing the producers. The more consumers we have, the less food we shall have to spare, the higher will be the price of food in England, and the greater will be the quantity of cotton that can be purchased by the German and the Russian. The more producers we have, the more food we shall have to sell, the lower will be its price, and the smaller will be the quantity of cotton that can be produced by the German and the Russian. All this seems to me so obviously true, that it needs only to be stated. It has been seen that the price of food is here maintained by a home demand resulting from the great immigration now taking place, and we know that if by causing a demand for labour for the building of furnaces and mills, and other similar works, we could cause the immigration to go next year to half a million, there would be a further demand for grain, that would carry prices to a point still higher. Let us now suppose the immigration of next year to be 600,000, producing a further increase of demand for food to the extent of twenty or thirty millions of dollars, and see what would be the effect upon the planter. The Canadian would find a market for his grain within the Union, for the price would be sufficiently high to enable him to pay the duty. The value of agricultural labour everywhere would rise with the increasing price of food; and every farmer, at home and abroad, would consume more cloth, because he could sell the products of his labour higher, *i. e.* he could obtain more cloth and iron for it. The German, the Russian, the Irishman and the Englishman would be larger customers than now, while the home demand would absorb enormous quantities that would otherwise go to England to augment "the stock on hand," by the size of which is measured the price to be paid for the ensuing crop.

Our present policy tends to destroy the home market and the foreign market too. It diminishes the productiveness of labour on both sides of the Atlantic, and all that is taken from the surplus that remains after feeding the labourer, is so much taken from the fund that would otherwise go to the purchase of cloth or iron.

THE TOBACCO PLANTER.

A brief examination of the tobacco trade will show precisely similar results. In 1822, we exported 83,000 hogsheads, and the price was $74 82, yielding about $6,200,000. In 1845, we exported 147,000 hogsheads, and the price was $50, yielding $7,350,000. Deducting the extra expense of transportation to the place of shipment, the producers received less for the large quantity than they had done for the small one. From 1830 to 1835, the export averaged 90,000, and the amount was $6,200,000, yielding to the producer, on his plantation, as much as the larger quantity in 1845. The sum of $6,200,000, at these two periods, would have brought in Liverpool:—

1830 to 1835, pieces of cloth, 3,300,000, or tons of iron, 200,000
1845, " " 3,900,000 " 130,000

The planter is giving almost two-thirds more of tobacco for twenty per cent. more cloth, although his brother planter is almost ruined by the low price of cotton; but in the case of iron it is worse, for he gives two-thirds *more* for thirty-five per cent. *less*. In the first period, he could have two and one-fifth tons for a hogshead; whereas in the last he has little more than one-third of the quantity, or seven-eighths of a ton. It is obvious that he is being taxed by somebody, that he is giving more and receiving less, and that the cause of this is, that the productive power enabling the people outside of the Union to pay for tobacco, does not keep pace with the power of those inside of the Union to produce it. What is his remedy? It is to increase the number of people inside of the Union, with whom he can have perfect freedom of trade. The Englishman will consume six pounds for one that he can now consume, burdened as it is with a tax of 3*s*. per pound; the German will do the same; and so will the Frenchman, when he can free himself from the tax imposed upon him by the government monopoly. The more men that are imported, the more will be transferred from the list of small customers to that of large ones, and the less will be the cost of transportation from the place of production in Maryland or Virginia, Ohio or Kentucky, to the place of consumption, Philadelphia or New York, Berlin or Vienna; for the larger the bulk and value of the commodities transported west, the lower will be the charge for transportation eastward. Between the interests of the tobacco planter, the manufacturer, and the ship-owner, there is therefore perfect harmony.

THE SUGAR PLANTER.

The sugar trade presents the same state of things. The agriculturists of the world are giving a constantly increasing quantity of labour as the equivalent of a constantly diminishing one. The following exhibit of the movement of the great sugar market, since the commencement of the present century, shows that the amount paid for sugar has been constantly diminishing, while the price of the English commodities given in exchange has varied in a degree so much less that whereas in 1801 the consumption of $14\frac{2}{10}$ persons paid for a ton of iron, that of 24 was required in 1831, and the proportion has been steadily increasing. The whole sum paid in 1847 for this important article of food, by *twenty-nine millions* of people, was less than was paid in 1801 by sixteen millions, and the contribution per head was less than one-half, and yet the difference in the price of iron was, by comparison, trifling.*

* The case is the same in regard to all other of the products of the land. In 1841 and 1842, the colonial timber received in Great Britain averaged 931,000 loads. In 1846 and 1847, the average was 1,150,000 loads. In 1848, 1,102,000 loads. The price, mean while, had, however, fallen almost ten per cent.,† and the colonist, after paying the extra freight, must have received less, in money, for the large than for the small quantity, while the price of iron had advanced fifty per cent. His timber would therefore yield him about forty per cent. less weight of iron to be employed in the further production of timber. The writer from whom I quote gives many other facts to show that the increased supplies have been obtained at "the same cost of labour," or that means have been found "for making our [their] own industry more productive."‡ It does not matter which, but of the two conditions he "prefers the former." The former *is* the one, and being such it is scarcely to be wondered that the poor and over-taxed colonists desire annexation.

† Edinburgh Review, July, 1849. ‡ Ibid.

	Population.	Quantity retained for consumption.—cwts.	Price per cwt.	Total value consumed.	Price per head.	Price of iron.	Number of persons fed with sugar in exchange for a ton of iron.
1801	16,338,000	3,639,000*	45/†	£8,188,000	10/2	£7 5‡	14·2
1811	18,500,000	3,818,000*	41 6†	£7,888,000	8/6	£8‡	18·8
1821	21,200,000	3,529,000*	34/†	£6,000,000	5/8	£6 10‡	23
1831	24,029,000	4,233,000	23/8†	£5,000,000	4/2	£5‡	24

I do not extend this table, for Mr. Tooke's list of prices does not come down to the end of the next decennial period, and I have no other that appears to correspond with it. Enough, however, is given to show that the people of the United Kingdom were steadily giving less iron for more sugar. In 1801 the planter could have 1,100,000 tons as the equivalent of 180,000 tons; but in 1831 he could have but a million of tons as the equivalent of 210,000. From that time to the present there has been an unceasing effort to cheapen sugar, and yet there were taken for consumption (including the large quantity exported after being refined) in the years 1845 to 1847, only 15,900,000 cwts., or an average of 5,300,000, being only 45 per cent. more than in 1801, while the population had increased 90 per cent. It is obvious that the power of consumption diminishes, and yet the prices of the world are fixed in England. The consequence of this is seen in the fact that 5,800,000 tons, in 1847, would command but £7,200,000, while 3,600,000 in 1801 would command about £8,200,000.

The return to labour employed in the cultivation of cotton has fallen so low that the Carolinian tries wheat, and the Mississippian sugar. Sugar falls so low that the West Indian turns his attention to coffee. By the time his trees have become productive, the price has so far fallen that he cuts them down, and then the price rises, while that of sugar falls.§ Thus is it ever and everywhere. The producers are over-ridden by the exchangers, and so must they continue to be while they shall continue to have the price of their whole crops determined by that which can be obtained for a small surplus in the constantly diminishing market of England.

The production of sugar does not vary greatly from a million of tons, and the yield to the planter may be about $70, the whole amount being about $70,000,000. Taking the cotton crop at $80,000,000, we have the sum of $150,000,000 as the value of the labour of that large portion of the population of the world employed in producing these two articles, so essential to the comfort of the rest of the world. The equivalent of this sum in 1845 and 1846 might have been (delivered on the plantation) about 2,500,000 tons of iron, the article that, of all others, is most essential to the maintenance, or the increase, of the productive power.

A ton of bar iron is not the equivalent of twenty-five days' labour, properly employed among the coal and iron fields of the Union, but even at that rate, one man would give more than twelve tons per annum. To produce the whole quantity required to pay for the cotton and sugar crops of the world would require, then, the labour of 200,000 men. Is it not obvious that the agriculturists of the world are taxed to a vast amount for the support

* Porter's Progress of the Nation. Vol. III. page 32.

† Tooke's History of Prices, Vol. II. page 413. Mr. Tooke gives the various prices of the year. I have taken what appears to me to be the average.

‡ Ibid. p. 406.

§ From this cause it is that coffee is now scarce and high, and sugar abundant and cheap, the price of the latter in London being but about 24s. How much is left for the poor producer that has paid freight from Benares, far up the Ganges, and all the charges of all the persons through whose hands it has passed, may readily be imagined. Twenty pounds of sugar must be required to pay for one of cotton, in the form of coarse cloth.

of the fleets and armies, the merchants and brokers, the paupers and the noblemen of Great Britain, and is it not incumbent upon them to free themselves from such a state of vassalage? To *add* to the present annual production of the Union in the next seven years, *the whole quantity* of iron required to pay for the cotton and sugar crops of the world would require not the slightest effort, and so far would it be from diminishing the supply of food, or cotton, that the production of both would increase at a rate more rapid than was ever before known, for the farmer and the planter would thus obtain a market on the land for the products of the land, and good roads to go to distant markets, and the chief part of the time and labour now wasted in the work of transportation might be given to the work of cultivation. We should then import hundreds of thousands of men to make roads through the States already organized, instead of exporting hundreds of thousands to California, and then squandering our resources in the premature effort to make a road by which to communicate with them.

It is time for the cotton planter to look this question fully in the face. Had he a market, he could in a brief period increase the crop to 5,000,000 of bales. Having no market, he is compelled to limit the cultivation, and thus it is that the product of such a region as South Alabama does not increase. In 1839 it yielded, bales, ... 551,000

From 1845 to the present time the average has been only 440,000*

The people who should be raising cotton, or making iron, are perpetually on the move, producing nothing. The picture presented in the following paragraph, taken from one of the papers of the day, is the one that meets our eyes look where we may:—

"The tide of emigration continues to pour through our city southward and westward with increasing volume. The rush is tremendous. Throughout the day, from early dawn until late at night, long trains of wagons, families, and forces are seen moving through our streets. Both our ferries are kept in continual operation. Mr. Fairhurst, one of the proprietors of the lower ferry, has kept a memorandum of the movers crossing at that point during the last two weeks. In that time *three hundred and fifteen wagons* have crossed the river, of which number 214 were bound for Texas, 89 for the southern counties of our own State, and 12 for Louisiana. It is estimated that, counting whites and blacks, there are about five persons to each wagon. This would show that within the last fourteen days about fifteen hundred movers have passed this one ferry. We have no record of the number crossing at the upper ferry, but if it is as large as the lower, the number of movers passing through our city during the present month will be about *six thousand!*" —*Little Rock* (*Arkansas*) *Democrat*, *Nov.* 16.

Those men are flying from the rich and unoccupied soils of lower Carolina and South Alabama to the high lands of Arkansas and Texas, thus increasing their necessity for transportation, and diminishing their power to obtain it. Let them fly as they may, they cannot fly so fast as to prevent the increase of the cotton crop, the average of which must soon stand at 3,000,000 of bales; but where then shall the planter find a market? Among the sugar planters of the world? Like himself, they are ruined for want of a market. Among the coffee growers? Like himself, they are ruined for want of a market. Among the wheat growers? The Russian wastes his crop for want of a market, and the American is competing with him for the possession of that of England, while the Englishman is ruined by competition with both.† Is it among the operatives of England? They are

* De Bow's Commercial Review, Vol. VII. page 446.

†The following passage from one of the journals of the day, presents a tolerably correct view of the course of things in Great Britain. The producers are being ruined, and all are becoming consumers, and thus it is that Ireland, exclusively agricultural, furnishes a market for food. It is forgotten, however, that every diminution in the amount of pro-

endeavouring to underwork the Hindoo, and their power to purchase cotton or sugar diminishes daily. They need a market for their labour. Is it in France? France is always at war, and produces little. Her consumption of American cotton in 1842 and 1843 was 717,000 bales. In 1846 and 1847, only 575,000.*

Look where he may, he must see that the producers of the world want markets, and that for want of them they are becoming poorer instead of richer, and that their power to obtain even the machinery of production is daily diminishing, the price of iron in sugar, coffee, cotton, wheat, indigo, or any other of the products of the earth, tending steadily upward, and yet there is no single commodity in the world that would tend to fall so steadily, but for the existence of *the monopoly system.* The supply might be increased to an indefinite amount, and with a rapidity far exceeding that of any other of the products of the earth. Make a market for it requiring annually 10.000,000 of tons, and this country could supply it in ten years. Double or treble it, and we could supply the whole in reasonable time, for our capacity is without limit, and we could command the services of half the labourers of Europe. Here it is, *and here alone*, that the planter can look for a market capable of expanding itself in the ratio of the increase in his power to furnish supplies. Here, and here alone, can the market for coffee, silk, indigo, and all other of the products of the world be so far enlarged as to enable the coffee planter, and the cultivator of silk and indigo to quadruple their consumption of cotton.

CHAPTER ELEVENTH.

HOW PROTECTION AFFECTS THE LANDOWNER.

The great saving fund is the land, and it is by the almost insensible contribution of labour that it acquires value. The first object of the poor cultivator of the thin soils is to obtain food and clothing for himself and his family. His leisure is given to the work of improvement. At one place he cuts a little drain, and at another he roots out a stump. At one moment he cuts fuel for his family, and thus clears his land, and at another digs

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duction diminishes the amount of commodities that can be given as the equivalent of the products of others, and that those who buy food have little to give for clothing, and must go in rags:—

"The prospect of an Irish demand for corn is improving, and also that the dependence of England, on foreign supplies, will gradually increase. The land monopoly of England, by adding the item of rent to be paid by the occupier and producer, made requisite a tax on the foreign article, which should protect him against the proprietary producers abroad, who had no rent to pay. The removal of this tax has now thrown directly upon the English farmer the whole burden of his rent, which was before borne by all consumers of bread. This burden will be enhanced, by the abrogation of the navigation laws, which, by diminishing freights, will make the competition between the cheap rentless lands of other countries, and the landlord-burdened soil of England, more severe, and, as a consequence, much of the poorer soils will be abandoned, while the expensive system of culture before resorted to, to increase the quantity of protected corn, must be relinquished as unprofitable. A considerable diminution in the product of a *good* English harvest, as compared with former years, may then freely be looked for. We have given above an official table of the quantity of food taken for consumption in England, for the year ending August, 1849. That was in aid of the harvest of 1848, which was "good," but the acreable product, from causes alluded, could not have been as large as usual. The result of this is, that the small farmers, with small crops at low prices, cannot meet tithes, taxes, poor rates, and rent, the last the most onerous; and their capital and numbers are annually diminishing, swelling the numbers of bread-consumers in other employments."

* Merchants' Magazine, Vol. XVII. page 762

a well to facilitate the watering of his cattle, and thus keep his manure in the stable-yard. He knows that the machine will feed him better the more perfectly he fashions it, and that there is always place for his time and his labour to be expended with advantage to himself.

The land was given to man for his use, and the basis of the whole science of political economy is to be found in the law which governs his relation with this great and only machine of production. Mr. Ricardo taught that in the infancy of society men could command rich soils, from which they could obtain an abundant supply of food; but that with the growth of population food became more scarce, producing a necessity for dispersion in quest of those rich soils. The common sense of mankind teaches the contrary, and in this case, as in all others, the common sense of the many is right, while the uncommon sense of the few is wrong, as will be seen by all who will take the trouble to follow out the following sketch* of the gradual occupation of the earth:—

"The first cultivator commences his operations on the hill-side. Below him are lands upon which have been carried, by force of water, the richer portions of those above, as well as the leaves of trees, and the fallen trees themselves; all of which have there, from time immemorial, rotted and become incorporated with the earth, and thus have been produced soils fitted to yield the largest returns to labour: yet for this reason are they inaccessible. Their character exhibits itself in the enormous trees with which they are covered, and in their power of retaining the water necessary to aid the process of decomposition; but the poor settler wants the power either to clear them of their timber, or to drain them of the superfluous moisture. He begins on the hill-side, but at the next step we find him descending the hill, and obtaining larger returns to labour. He has more food for himself, and he has now the means of feeding a horse or an ox. Aided by the manure that is thus yielded to him by the better lands, we see him next retracing his steps, improving the hill-side, and compelling it to yield a return double that which he at first obtained. With each step down the hill he obtains still larger reward for his labour, and at each he returns, with increased power, to the cultivation of the original poor soil. He has now horses and oxen, and while by their aid he extracts from the new soils the manure that had accumulated for ages, he has also carts and wagons to carry it up the hill: and at each step his reward is increased, while his labours are lessened. He goes back to the sand and raises the marl, with which he covers the surface; or he returns to the clay and sinks into the limestone, by aid of which he doubles its product. He is all the time making a machine which feeds him while he makes it, and which increases in its powers the more he takes from it. At first it was worthless. It has fed and clothed him for years, and now it has a large value, and those who might desire to use it would pay him a large rent.

"The earth is a great machine, given to man to be fashioned to his purpose. The more he fashions it the better it feeds him, because each step is but preparatory to a new one more productive than the last; requiring less labour and yielding larger return. The labour of clearing is great, yet the return is small. The earth is covered with stumps, and filled with roots. With each year the roots decay and the ground becomes enriched, while the labour of ploughing is diminished. At length the stumps disappear, and the return is doubled, while the labour is less by one-half than at first. To forward this process the owner has done nothing but crop the ground: nature having done the rest. The aid he thus obtains from her yields him

* Originally published in my book. "The Past, the Present, and the Future."

as much food as in the outset was obtained by the labour of felling and destroying the trees. This, however, is not all. The surplus thus yielded has given him means for improving the poorer lands by furnishing manure with which to enrich them, and thus he has trebled his original return without further labour; for that which he saves in working the new soils suffices to carry the manure to the old ones. He is obtaining a daily increased power over the various treasures of the earth.

"With every operation connected with the fashioning of the earth, the result is the same. The first step is, invariably, the most costly one, and the least productive. The first drain commences near the stream, where the labour is heaviest. It frees from water but a few acres. A little higher, the same quantity of labour, profiting by what has been already done, frees twice the number. Again the number is doubled, and now the most perfect system of thorough drainage may be established with less labour than was at first required for one of the most imperfect kind. To bring the lime into connection with the clay, upon fifty acres, is lighter labour than was the clearing of a single one, yet the process doubles the return for each acre of the fifty. The man who wants a little fuel for his own use, expends much labour in opening the neighbouring vein of coal. To enlarge this, so as to double the product, is a work of comparatively small labour; as is the next enlargement, by which he is enabled to use a drift wagon, giving him a return fifty times greater than was obtained when he used only his arms, or a wheelbarrow. To sink a shaft to the first vein below the surface, and erect a steam-engine, are expensive operations; but these once accomplished every future step becomes more productive, while less costly. To sink to the next vein below and to tunnel to another, are trifles in comparison with the first, yet each furnishes a return equally large. The first line of railroad runs by houses and towns occupied by one or two hundred thousand persons. Half a dozen little branches, costing together far less labour than the first, bring into connexion with it three hundred thousand, or perhaps half a million. The trade increases, and a second track, a third, or a fourth, may be required. The original one facilitates the passage of the materials and the removal of obstructions, and three new ones may now be made with less labour than was required for the first.

"All labour thus expended in fashioning the great machine, is but the prelude to the application of further labour with still increased returns. With each such application wages rise, and hence it is that portions of the machine, as it exists, invariably exchange, when brought to market, for far less labour than they have cost. The man who cultivated the thin soils was happy to obtain a hundred bushels for his year's work. With the progress of himself and his neighbour down the hill into the more fertile soils, wages have risen, and two hundred bushels are now required. His farm will yield a thousand bushels; but it requires the labour of four men, who must have two hundred bushels each, and the surplus is but two hundred bushels. At twenty years' purchase this gives a capital of four thousand bushels, or the equivalent of twenty years' wages; whereas it has cost, in the labour of himself, his sons, and his assistants, the equivalent of a hundred years of labour, or perhaps far more. During all this time, however, it has fed and clothed them all, and the farm has been produced by the insensible contributions made from year to year, unthought of and unfelt.

"It is now worth twenty years' wages, because its owner has for years taken from it a thousand bushels annually; but when it had lain for centuries accumulating wealth, it was worth nothing. Such is the case with the earth everywhere. The more that is taken from it, the more there is left. When the coal mines of England were untouched, they were valueless.

Now their value is almost countless; yet the land contains abundant supplies for thousands of years. Iron ore, a century since, was a drug, and leases were granted at almost nominal rents. Now, such leases are deemed equivalent to the possession of large fortunes, notwithstanding the great quantities that have been removed, although the amount of ore now known to exist is probably fifty times greater than it was then.

"*The earth is the sole producer.* Man fashions and exchanges. A part of his labour is applied to the fashioning of the great machine, and this produces changes that are permanent. The drain, once cut, remains a drain; and the limestone, once reduced to lime, never again becomes limestone. It passes into the food of man and animals, and ever after takes its part in the same round with the clay with which it has been incorporated. The iron rusts and gradually passes into soil, to take its part with the clay and the lime. That portion of his labour gives him wages while preparing the machine for greater future production. That other portion which he expends on fashioning and exchanging *the products* of the machine, produces temporary results, and gives him wages alone. Whatever tends, therefore, to diminish the quantity of labour necessary for the fashioning and exchanging of the products, tends to increase the quantity that may be given to increasing the amount of products, and to preparing the great machine; and thus, while increasing the present return to labour, preparing for a future further increase.

"The first poor cultivator obtains a hundred bushels for his year's wages. To pound this between two stones requires twenty days of labour, and the work is not half done. Had he a mill in the neighbourhood he would have better flour, and he would have almost his whole twenty days to bestow upon his land. He pulls up his grain. Had he a scythe, he would have more time for the preparation of the machine of production. He loses his axe, and it requires days of himself and his horse on the road, to obtain another. His machine loses the time and the manure, both of which would have been saved, had the axe-maker been at hand. The real advantage derived from the mill and the scythe, and from the proximity of the axe-maker, consists simply in the power which they afford him to devote his labour more and more to the preparation of the great machine of production, and such is the case with all the machinery of preparation and exchange. The plough enables him to do as much in one day as with a spade he could do in five. He saves four days for drainage. The steam-engine drains as much as without it could be drained by thousands of days of labour. He has more leisure to marl or lime his land. The more he can extract from his machine the greater is its value, because every thing he takes is, by the very act of taking it, fashioned to aid further production. The machine, therefore, improves by use; whereas spades, and ploughs, and steam-engines, and all other of the machines used by man, are but the various forms into which he fashions parts of the great original machine, to disappear in the act of being used; as much so as food, though not so rapidly. The earth is the great labour savings' bank, and the value to man of all other machines is in the direct ratio of their tendency to aid him in increasing his deposits in the only bank whose dividends are perpetually increasing, while its capital is perpetually doubling. That it may continue for ever so to do, all that it asks is that it shall receive back the refuse of its produce, the manure; and that it may do so, the consumer and the producer must take their places by each other. That done, every change that is effected becomes permanent, and tends to facilitate other and greater changes. The whole business of the farmer consists in making and improving soils, and the earth

rewards him for his kindness by giving him more and more food the more attention he bestows upon her.

The solitary settler has to occupy the spots that, with his rude machinery, he *can* cultivate. Having neither horse nor cart, he carries home his crop upon his shoulders, as is now done in many parts of India. He carries a hide to the place of exchange, distant, perhaps, fifty miles, to obtain for it leather or shoes. Population increases, and roads are made. More fertile soils are cultivated. The store and the mill come nearer to him, and he obtains shoes and flour with the use of less machinery of exchange. He has more leisure for the preparation of his great machine, and the returns to labour increase. More people now obtain food from the same surface, and new places of exchange appear. The wool is, on the spot, converted into cloth, and he exchanges directly with the clothier. The saw-mill is at hand, and he exchanges with the sawyer. The tanner gives him leather for his hides, and the paper-maker gives him paper for his rags. With each of these changes he has more and more of both time and manure to devote to the preparation of the great food-making machine, and with each year the returns are larger. His *power to command* the use of the machinery of exchange increases, but his *necessity* therefor diminishes; for with each year there is an increasing tendency towards having the consumer placed side by side with the producer; and with each he can devote more and more of his time and mind to the business of fashioning the great instrument; and thus the increase of consuming population is essential to the progress of production.

"The loss from the use of machinery of exchange is in the ratio of the bulk of the article to be exchanged. Food stands first; fuel, next; stone for building, third; iron, fourth; cotton, fifth; and so on; diminishing until we come to laces and nutmegs. The raw material is that in the production of which the earth has most co-operated, and by the production of which the land is most improved; and the nearer the place of exchange or conversion can be brought to the place of production, the less is the loss in the process, and the greater the power of accumulating wealth for the production of further wealth.

"The man who raises food on his own land is building up the machine for doing so to more advantage in the following year. His neighbour, to whom it is *given*, on condition of sitting still, loses a year's work on his machine, and all he has gained is the pleasure of doing nothing. If he has employed himself and his horses and wagon in bringing it home, the same number of days that would have been required for raising it, he has misemployed his time, for his farm is unimproved. He has wasted labour and manure. As nobody, however, gives, it is obvious that the man who has a farm and obtains his food elsewhere, must pay for raising it, and pay also for transporting it; and that although he may have obtained as good wages in some other pursuit, his farm, instead of having been improved by a year's cultivation, is worse by a year's neglect; and that he is a poorer man than he would have been had he raised his own food.

"The article of next greatest bulk is fuel. While warming his house, he is clearing his land. He would lose by sitting idle, if his neighbour brought his fuel to him, and still more if he had to spend the same time in hauling it, because he would be wearing out his wagon and losing the manure. Were he to hire himself and his wagon to another for the same quantity of fuel he could have cut on his own property, he would be a loser, for his farm would be uncleared.

"If he take the stone from his own fields to build his house, he gains doubly. His house is built, and his land is cleared. If he sit still and let

his neighbour bring him stone, he loses, for his fields remain unfit for cultivation. If he work equally hard for a neighbour, and receive the same apparent wages, he is a loser by the fact that he has yet to remove the stones, and until they shall be removed he cannot cultivate his land.

"With every improvement in the machinery of exchange there is a diminution in the proportion which that machinery bears to the mass of production, because of the extraordinary increase of product consequent upon the increased power of applying labour to building up the great machine. It is a matter of daily observation that the demand for horses and men increases as railroads drive them from the turnpikes, and the reason is, that the farmer's means of improving his land increase more rapidly than men and horses for his work. The man who has, thus far, sent to market his half-fed cattle, accompanied by horses and men to drive them, and wagons and horses loaded with hay or turnips with which to feed them on the road, and to fatten them when at market; now fattens them on the ground, and sends them by railroad ready for the slaughter-house. His use of the machinery of exchange is diminished nine-tenths. He keeps his men, his horses and his wagons, and the refuse of his hay or turnips, at home. The former are employed in ditching and draining, while the latter fertilizes the soil heretofore cultivated. His production doubles, and he accumulates rapidly, while the people around him have more to eat, more to spend in clothing, and accumulate more themselves. He wants labourers in the field, and they want clothes and houses. The shoemaker and the carpenter, finding that there exists a demand for their labour, now join the community, eating the food on the ground on which it is produced; and thus the machinery of exchange is improved, while the quantity required is diminished. The quantity of flour consumed on the spot induces the miller to come and eat his share, while preparing that of others. The labour of exchanging is diminished, and more is given to the land, and the lime is now turned up. *Tons* of turnips are obtained from the same surface that before gave *bushels* of rye. The quantity to be consumed increases faster than the population, and more mouths are needed on the spot, and next the woollen mill comes. The wool no longer requires wagons and horses, which now are turned to transporting coal, to enable the farmer to dispense with his woods, and to reduce to cultivation the fine soil that has, for centuries, produced nothing but timber. Production again increases, and the new wealth now takes the form of the cotton-mill; and, with every step in the progress, the farmer finds new demands on the great machine he has constructed, accompanied with increased power on his part to build it up higher and stronger, and to sink its foundations deeper. He now supplies beef and mutton, wheat, butter, eggs, poultry, cheese, and every other of the comforts and luxuries of life, for which the climate is suited; and from the same land which afforded, when his father or grandfather first commenced cultivation on the light soil of the hills, scarcely sufficient rye or barley to support life."

If we undertake to study anywhere the cause of value in land, it will be found to result from diminution in the cost of transportation. The newspapers of the day, in speaking of the operations of the railroad recently constructed from Springfield (Illinois) to the Illinois river, tell us that

"One week before the railroad was finished, corn could be had here in any quantity, at 15 cents a bushel. Not a bushel can now," says the Saugamon Journal, "be had for less than 25 cents. This," it adds, "is the effect of the completion of the railroad on the price of one article of the products of our farmers."

The first thing to be paid by land is transportation. When that is so great as to eat up the whole proceeds, the land will remain uncultivated.

Diminish the cost of transportation so as to leave sufficient to pay the wages of labour, and it will be cultivated, but it will pay no rent. Diminish it further, so as to leave a surplus over and above the reward of the labourer, and the land itself will acquire value. Diminish it still further, by removing altogether the necessity for transportation, making a market on the land for all the products of the land, enabling the farmer readily to return to it all the refuse of its products, and it will acquire the highest value of which land is capable. The commodity of which the government and people of the Union have most to sell is land. In quantity it is practically unlimited, and long before our present territory shall have been even laid out for sale, vast countries will have been brought within the limits of the Union. In quality it is entitled to stand first in the world. The area of the coal region is 133,000 square miles. Iron ore is everywhere, untouched. Copper, zinc, and almost all other metals abound. South Carolina has millions of acres of the finest meadow-land unoccupied, and she has lime and iron ore in unlimited abundance. Virginia is in a similar condition, and yet people are leaving both, when population is all that is needed to place them in the first rank among the States of the Union in point of wealth. Of the three States of Alabama, Louisiana, and Mississippi, with advantages unrivalled for the production of the great clothing material of the world, two-thirds of their whole surface, or 83,000,000 of acres, yet remain unsold. The land at the command of the government counts by hundreds of millions, and to give to all this value we need only population.

In Europe, on the contrary, population is held to be superabundant. Marriage is regarded as a luxury, not to be indulged in, lest it should result in increase of numbers. "Every one," it is said, "has a right to live," but this being granted, it is added that "no one has a right to bring creatures into life to be supported by other people."* Poor laws are denounced, as tending to promote increase of population—as a machine for supporting those who do not work "out of the earnings of those who do."† No man, it is thought, has "a right" to claim to have a seat at the great table provided by the Creator for all mankind, or that "if he is willing to work he must be fed." Labour is held to be a mere "commodity," and if the labourer cannot sell it, he has no "right" but to starve—himself, his wife, and his children. "The particular tendency to error apparent in the prevalent social philosophy of the day," to which it is deemed necessary to direct special attention, is "the unsound, exaggerated, and somewhat maudlin tenderness with which it is now the fashion to regard paupers and criminals."‡ Such are the doctrines of the free-trade school of England, in which Political Economy is held to be limited to an examination of the laws which regulate the production of wealth, without reference to either morals or intellect. Under such teaching it is matter of small surprise that pauperism and crime increase at a rate so rapid.§

Throughout Europe, men are held in low esteem. They are considered to be surplus, and the sooner they can be expelled the better it will be for those who can afford to remain behind. To accomplish this object, Colonization Societies are formed, and Parliament is memorialized by men who desire to export their fellow-men by hundreds of thousands annually. Whig and Tory journals‖ unite in urging the necessity for expelling man from the

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* J. S. Mill's Principles of Political Economy.

† Edinburgh Review, October, 1849. ‡ Ibid.

§ See article on Transportation, Blackwood's Magazine, November, 1849.

‖ The number of Blackwood's Magazine, just received, advocates the application of £300,000 per annum to this object.

land of Britain. Secretaries of State furnish ingenious calculations as to the amount required for accomplishing the work of expulsion. On all hands, it is agreed that men are too numerous, and that their numbers grow too fast, and yet there is not a country in Europe that can justly complain of over-population. Ireland, the type of this *free-trade* system, has millions of acres of her richest lands as yet untouched, that would alone, if drained, yield food in abundance for the whole population.

It is not, however, the labourer alone that stands in need of aid. The condition of the land-owner is little better. This system of universal discord is thus described in one of the journals of the day:

"The state of the country is frightful. The assassinations are computed at more than ten per week, half a hundred per month, which, added to the systematic starvation of almost another hundred, in the same time, gives a state of things without parallel in modern civilization. With this diminution of the people, the million of work-house inmates and dependents increases. In less than a month it will be more than a proprietor's life is worth to be seen by his tenantry. Rents, which of course are nominal in collection, have, therefore, lately sunk to the fourth of their nominal amount. Lands, let hitherto at £2 10*s.* per acre, are offered at less than 15*s*; and such is the exasperation of the starving millions, that the landlords are afraid further to aggravate their sufferings."

The Parliament of England is now engaged in passing laws to transfer, for the fourth time in little more than two centuries, the mass of Irish property to English undertakers. The little cultivator of land has been ruined. Labour has become utterly valueless, although labour alone is needed to bring into cultivation 7,000,000 of acres of the richest soils in the world, now unproductive.

The land-owner of India has been ruined. The immense body of village proprietors that but half a century since existed in that country, helping and governing themselves, has disappeared.

The land-owner of the West Indies—of Demerara and Berbice—has been ruined, and the condition of the labourers has not been improved.

The land-owner of Portugal—the continental colony of Great Britain—has been ruined, and with diminished value of land there has been steady deterioration of civilization, until the name of Portugal has become almost synonymous with weakness and barbarism.

If we look to Canada, Nova Scotia, or New Brunswick, the same picture meets our view. "Land of the same quality, at one minute north of the imaginary line dividing the provinces from the Union, is worth less than half as much as that which is one minute south of it. Lord Durham, in his report, made but a few years since, says that "land in Vermont and New Hampshire, close to the line, is five dollars per acre, and in the adjoining British townships, only one dollar," and that on the northern side of the line, with superior fertility, it is "wholly unsaleable even at such low prices." Canada has no market on the land for the products of the land, and the cost of transportation eats up the product, much of which is absolutely wasted because it cannot go at all to market. The labour of men, women, and children, and that of wagons and horses, is everywhere being wasted, and therefore it is that the Canadian desires a change of government that will enable him to obtain a protective tariff. Give him that—annex him to the Union—and his land will acquire value similar to that of the Union. Farmers will then grow rich, and labourers will grow rich, and the power to consume cloth and iron will grow with the same rapidity with which it recently grew with us.

Every colony of England would gladly separate from her, feeling that connection with her is synonymous with deterioration of condition. Every one would gladly unite its fortunes with those of our Union, feeling that

connection with us is synonymous with improvement. The reason for all this is, that the English system is based upon cheap labour, and tends to depress the many for the benefit of the few. In our system, it is the many who govern; and experience having taught them that prosperity and free trade with England are inconsistent with each other, we have "free trade" tariffs with protective duties of thirty per cent., and likely to be increased. The colonies are ruined by free trade, and they desire annexation, that they may have protection.

This idea of cheap labour is universal among English colonists. It is found in all their books. If they fail to succeed, it is because labour is "too high." They are willing to receive convicts, because they can be had "cheap." They tell their correspondents that men may be had from the Continent who will work for small wages, while Englishmen must have large ones, *i. e.* enough to feed and clothe themselves comfortably. They emancipate the negroes, and then they find their labour "too dear," and send to India, or to the coast of Africa, for "cheap" labourers. The *Times* informs us that the great works of England are based upon an ample supply of "cheap labour." The whole system looks to the degradation of the labourer, by requiring him to underwork and supplant the labourer of other countries, with all the disadvantage of distance and heavy cost of transportation. Protection looks to raising the value of labour, and thus promoting the annexation of individuals, and the establishment of perfect free trade between ourselves and the people of Europe by inducing them to transfer themselves to our shores. It is a bounty on the importation of the machine we need—man—to give value to the machine we have in such abundance —land. It leads to perfect free trade—the annexation of nations—by raising the value of man throughout the world.

It has been, at times, matter of surprise that the hundreds of thousands who have arrived in this country have been so instantly absorbed that their presence has been unfelt, and that the more we received, the larger was the quantity of food, fuel, cloth, and iron given in exchange for labour, but such is the natural result of a system which tends to enable the miner and the worker in iron, the spinner and the weaver, to combine their exertions with those of the farmer and planter. Had the policy of 1828 remained unchanged, and were we now receiving a million of men, the only effect that would be observed, would be that wages and profits, and the power of labourer, landowner, and capitalist, to command the good things of life would be steadily increasing, and with each step forward the tendency to immigration and to increase in the value of land would grow with accelerated pace. We need population.

In the thorough adoption of this course by the people of the Union, is to be found the remedy of the ills of both the land-owners and the labourers of the rest of the world, and the removal of the discords now so universal. That we may clearly see how it would contribute towards producing harmony, we must first inquire into the causes of discord.

The labourers of the world have one common interest, and that is that labour should become everywhere productive and valuable. The more wheat produced in return to a given quantity of labour, the more of it will the shoemaker obtain for his work, and the more advantageously the shoemaker can apply his labour, the more readily will the farmer provide himself and his family with shoes. Such, likewise, is the case with nations. It is to the interest of all that labour in all should become productive, and if the labour of the cotton-growing nation become unproductive, that of the sugar or wheat-growing nation feels the effect in an increased difficulty of obtaining clothing.

The land-owners of the world have one common interest, and that is, that land should everywhere become productive and valuable. It does so become with every increase in the skill and intelligence of the labourer, as may be seen by a comparison of times present with times past in every improving country, or by a comparison of the various countries of the world at the present moment. In Russia land itself has little value. In Belgium, where cultivation is carried on with intelligence elsewhere unknown, it has great value.

Every increase in the facility of obtaining cloth for food, or food for cotton, diminishes the quantity of labour to be given for food or clothing, and enables the producer to obtain other commodities and things needed for the improvement of his mind, or which tend to enable him more advantageously to apply his labour. The landed proprietor of England is therefore directly interested in the improvement of the mode of cultivating cotton in the United States, because it tends to improve the condition of the man who labours on his land; and the cotton-grower is interested in the improvement of the wheat-grower of Russia, because the latter is thereby enabled to purchase more clothing.

Among the land-owners and labourers of the world there is, therefore, perfect harmony of interests. Between them stand the men employed in the work of transportation, conversion and exchange—ship-owners, manufacturers, and merchants.

The object had in view in the prohibition of manufactures in the colonies was that of compelling the colonists to use ships that they would not otherwise require, and to pay manufacturers and merchants for doing for them those things that they could have better done themselves. The necessary consequence of this was discord, which in our case led to war, and vast waste of time and money. Another consequence was, that the people engaged in the work of transportation, conversion, and exchange, increased more rapidly than the producers, and England, from having food to sell, became a purchaser of foreign food. Next came the corn-laws, by which the importation of food was to be prevented, for the benefit of land-owners, and other laws prohibiting the export of machinery, for the benefit of the owners of ships and machinery of various kinds. By the one the owners of land were enabled to tax the labourer and the mechanic, and by the other the mechanic was enabled to tax the world in return. The effect has been that of preventing the application of English labour and capital to the work of production, and driving it into the far less profitable work of transportation, conversion, and exchange, to such an extent that the converters have at length become masters of the land-owners, and have abolished restrictions on the import of food which the latter had established for their protection, and as revolutions never go backward, we may fairly conclude that the corn-laws will not be re-established. The result, thus far, has been to ruin the landholders of Ireland, and the next result must be to ruin those of England, if the system be allowed fair play.

The people of Russia, we are assured, have been compelled to waste food for want of a market. Rather than do this, they would give a bushel of wheat for a yard of cloth. That they cannot afford to do this, we are assured; but what else can they do? If they cannot make cloth they must buy it, and they must give an equivalent, and if that be even bushels for yards, they must give them. Until Russia can make a market for this now surplus food, it will seek a market at any price, and the price in England cannot much exceed the cost of transportation between the farm on which it was produced and the town at which it is consumed. Nearly the whole of that price must go to the exchanger, to the loss of both land and labour,

both of which must tend towards the Russian level, now a very low one, because of the absence of a market on the land for the products of the land.

The object of the now dominant class in England is that of bringing about free trade with the world. Such a measure adopted by this country would close every furnace and rolling-mill, and every cotton and woollen factory in the country, and would diminish the value of both labour and land, by compelling the producer of food to seek a market in England. Similar measures adopted by the *Zoll-verein*, would compel the people of Germany to do the same, attended with similar results. The market of England would be borne down with the weight, and the price would fall so low as utterly to destroy the power of the labourer on land to pay rent for its use, and the power of the owner to improve it. The class intermediate between the producers in various parts of the world, would daily grow in numbers and strength, and the productiveness of labour and land would daily diminish, with steady diminution in the value of both.

On the other hand, let us suppose the people of the Union, of Russia, and of Germany, to adopt such measures as would enable them to consume on the land the whole of the food produced upon the land, and thus to put a stop to the enormous imports by which the English agriculturist is now being crushed. The immediate effect would be that the labour and land of all those countries would rise in value, and therewith there would be an increase in the value of both in England. The demand for labour here would speedily drain off the surplus hands employed in factory labour, and the increased demand for home-grown food would induce the application of labour and capital to production,* and the value of both would rise. Consumption would increase as labour became more productive, and the power of the producers would be restored, while that of the mere exchangers would be diminished.

To the improvement of the condition of labour and land in the United Kingdom the abolition of the colonial system is essential. Its maintenance involves the payment of taxes to an amount that is terrific, *all of which must be paid by the producers and those who own the machine of production, abroad or at home.* The tax that is nominally paid by the man who sells the wheat, or by him who transports it, is really paid by the man who produces it, and by him that consumes it. Three-fourths of the nation are engaged in the work of transporting, converting, or exchanging the products of others, adding nothing whatever to the quantity produced, while living out of it, and thus deteriorating the condition of the land-owners and labourers of England and of the world.

The land-owners of England have been the legislators of England. They made the system which produced our revolution—that which has depopulated India, and must ruin every country subjected to it—and they are now paying the penalty. Each step towards the degradation of the people by whom they were surrounded has been attended by loss of power in themselves. Their policy has converted the little occupant into the hired labourer, and the labourers on land into the tenants of lanes and alleys in Liverpool† and Manchester. Throughout much of Scotland they have substituted sheep for the men whom they have driven to take refuge in Glasgow, and with each such step they have weakened themselves, converting

* At a recent meeting in London, Dr. Buckland asserted that the product of all the clay lands of England might be doubled by a moderate expenditure for drainage.

† The greatest crowding of population in a neighbourhood is in a district in Liverpool, England, containing a population of 8000 on 49,000 square yards of ground, being in the proportion of 657,963 to a square mile.

those who were their own support into the tools of those who live at the cost of both. The exchanger has set his foot upon their necks. *Commerce is King*. They are prostrate, and so they must remain until they shall have help from abroad. Their natural allies are the land-owners of the rest of the world. The East India Company, as the great land-owner of India, is greatly interested. That country is becoming daily less and less able to pay taxes, and the power so to do must diminish with the continuance of the system. Were the machinery now employed in converting cotton into cloth *for* India employed in making cloth *in* India, thus making a market on the land for its products, the culture of cotton would revive, the demand for food would increase, population would grow, and jungle would be cleared, and the Company might then obtain a constantly increasing rent from taxes constantly decreasing in their weight, paid by a people constantly improving in condition. The price of labour would rise, and the necessity for armies would diminish, and the Company might then, at no distant period, sell out its establishments to a people who would thereafter govern themselves.

It is to the people of the United States, however, that they must chiefly look for help. Owners already of the chief part of North America, they are likely soon to own the whole. The *national*, not party or sectional, adoption of the protective policy would at once raise the value of land throughout the Union, because it would then be felt that a market would everywhere be made on the land for the products of the land. The British provinces would then speedily be incorporated into the Union, and the supply of food to British markets would cease; Cuba and Mexico would follow, and thus would be made a market for the population of all Southern Europe; and with each such step the value of labour would rise, followed by a necessity, on the part of the landholders everywhere, for an effort to retain their rent-payers, if they would preserve the value of their land. Spain and Italy would become manufacturers for themselves, and thus the colonial system would gradually pass out, and with it the power of the exchangers over the labourers and land-owners.

It is not by immigration alone that the population of the Union would be augmented, and increased value given to the land which so much abounds. The present system degrades the country to build up great cities, to become the resort of tens of thousands who would have remained at home among parents and friends, had furnaces, rolling-mills, cotton or woollen mills afforded them employment for time and mind. The same cause compels another portion to fly to the West; and while, in the one case, we have the poverty, vice, and disease of crowded cities, in the other we have those of scattered population; and men, women, and children starve in New York, while other men, women, and children perish of fevers incident to the occupation of new countries in advance of the arrangements that would have resulted from the more gradual extension of the area of settlement. It will be said that here is discord. If the city population did not grow, what would become of the owners of city lots? The harmony of interests is here, as everywhere else, perfect. Towns and cities would grow more rapidly than ever, but they would grow more healthfully, preserving a nearer relation to the population of the country, whose trade they desired to perform. New York would cease to be, as now, a great wen, absorbing all the profits of hundreds of thousands of the poor farmers, her customers, who give ten days' labour employed in raising corn for the labour of one day employed in producing British iron. The country and the city would grow together, and the jealousy of the country towards the city would speedily pass away.

The people of China constitute a world of themselves. They have little

intercourse with the exterior world, nor is the example of Hindostan likely to produce any desire for its extension: certainly not, while they shall continue to recollect that their desire to prohibit the importation of opium involved them in a war that resulted in the destruction of cities and the ruin of hundreds of thousands of innocent people. The system of that country is directly the reverse of ours, in the fact that the government is in the hands of one, while here it is in the hands of all. In this, it labours under infinite disadvantage, yet the spectacle there presented of the results of combined action puts to shame our boasted civilization. A recent writer thus describes the condition of the people:—

"The farms are small, each consisting of from one to four or five acres, indeed, every cottager has his own little tea garden, the produce of which supplies the wants of his family, and the surplus brings him in a few dollars, which are spent on the other necessaries of life. The same system is practised in every thing relating to Chinese agriculture. The cotton, silk, and rice farms, are generally all small, and managed upon the same plan. There are few sights more pleasing than a Chinese family in the interior engaged in gathering the tea-leaves, or, indeed, in any of their other agricultural pursuits. There is the old man, it may be the grandfather, or even the great-grandfather, patriarch-like directing his descendants, many of whom are in their youth and prime, while others are in their childhood, in the labours of the field. He stands in the midst of them, bowed down with age. But, to the honour of the Chinese as a nation, he is always looked up to by all with pride and affection, and his old age and gray hairs are honoured, revered and loved. When, after the labours of the day are over, they return to their humble and happy homes, their fare consists chiefly of rice, fish and vegetables, which they enjoy with great zest, and are happy and contented. I really believe there is no country in the world where the agricultural population are better off than they are in the north of China. Labour with them is pleasure, for its fruits are eaten by themselves, and the rod of the oppressor is unfelt and unknown."*

Let this be compared with the results of the system that has desolated Ireland and India, and that drives our people to Oregon and California, while men are everywhere, among ourselves, half-cultivating large farms, when they might obtain treble the result from half the surface, and let it then be determined which is the one that tends most to promote the prosperity and happiness of the labourer, and to improve the condition of the owner of land.

The policy of England tending to dispersion, she desires to facilitate the making of roads by which all the commodities of the world may be brought to her, thence to be returned to the places from whence they came, retaining so large a portion as to cause the destruction of the land and its owner. Lower India is utterly exhausted, and England desires railroads to more distant points, which will be then exhausted in their turn. From 1834 to 1840 she lent us iron to make roads in new countries, and we were ruined by dispersion. From 1843 to 1847, we filled up the spaces, the policy being that of concentration, and we grew rich. The present policy is that of dispersion. It is proposed to make a railroad to the Pacific, that men may scatter themselves more widely, although we now occupy a space that would be sufficient for almost the population of the world, if properly cultivated. The more roads we make in the now-settled States, the richer and stronger we shall grow, and the greater will be the value of land. The more roads we make in yet unsettled lands, the poorer and weaker we shall grow, and the less will be the value of land. It behooves the farmer, then, to look carefully to every scheme for promoting dispersion.

The value of labour and of capital is dependent on the quantity of both that can be given to the work of production. Every increase in the quan

* Fortune's Wanderings in China.

tity of either required to be given to the work of conversion and transportation, tends to diminish the value of all. Every diminution in the quantity tends to increase the value of all. The nearer the consumer and the producer can be brought together, the greater is the quantity of capital and labour that can be given to the work of production, the smaller is that which is required for transportation, and the more rapid is the advance in the value of both labour and land.

We are now separating the consumer from the producer, and the consequence is, that five per cent. stocks are at par, land is cheap, and wages are low. Were the tariff of 1842 re-enacted, interest would rise to six per cent. and labour would command a large return—the consequence of which would be a great increase in the consumption of food, and wool, and cotton, and the value of land would rise.

The annexation of a million of people, emigrants from Europe, to our community, establishes free trade with them. The annexation of the land and the people of Canada, and the other British possessions, would enlarge the domain of perfect free trade. So would that of Cuba, Mexico, Ireland, or even England,* and free trade thus established would be beneficial to all, the annexers and the annexed.

The people of the north would not object to the annexation of Canada, although such a measure could profit them but little. They and the Canadians are both sellers of food, and it is the superior value of wheat and flour on the south side of the line by which they are divided that induces the Canadians to desire to be brought within the Union. The people of the South would oppose the admission of Canada, although the effect of such a measure would be to convert the Canadians into large customers, instead of permitting them to remain small ones.† Once within the Union, the consumption of cotton in the British provinces would speedily rise from 20,000,000 of yards, weighing 5,000,000 of pounds, to 30,000,000 of pounds, and thus would the planter gain a market for 50,000 bales of cotton. The material interests of the South would be promoted by the annexation of Canada, yet would the South oppose the measure on the ground of supposed danger to political interests.

The South would advocate the admission of Cuba into the Union, although the effect of such a measure would, under existing circumstances, be that of ruining the cultivation of sugar, the only resource to which the planter now can look with hope—the only one that has enabled him to bear up under the late and present hopeless condition of the cotton culture. The man of the north would oppose the measure, although it would give him sugar at a cost far below the present one, and a market for grain and cloth that would absorb of both to a vast amount. Political interests are thus at variance with material ones. In both cases the discord is but apparent, while the harmony is real. The establishment of that real freedom of trade which results from the immigration of individuals, or from the annexation of communities, can never fail to be productive of benefit to all.

The cotton planter, as we have seen, now sells his product in the cheap-

* Ireland and England are mentioned here only to show that the difficulty of having perfect free trade with them would be removed by the change in the value of labour that would result from change of their political system.

† Export to British North America in the first six months of

	1846.	1847.	1848.	1849.
Plain calicoes .	7,483,318	7,339,686	6,745,536	5,979,991
Printed " . .	8,483,163	6,497,845	4,589,811	5,701,857
	16,966,481	13,837,531	11,335,347	11,681,848

est market and buys his cloth and iron in the dearest one. He gives away the one, and is then unable to buy the other. By changing his system, and compelling the loom to come to the cotton, and the anvil to come to the food, he will sell his cotton and obtain his cloth and iron in exchange for labour that is now being wasted. He will then export cloth to all the world, and the necessity for resorting to the cultivation of sugar will cease. The people of the North will then consume all the sugar that Cuba can produce, and those of Cuba will require pounds of cotton where now they consume but ounces.*

CHAPTER THIRTEENTH.

HOW PROTECTION AFFECTS THE MANUFACTURER.

The shipowner stands between the producer of cotton and his customers, and the larger proportion the quantity to be transported bears to the number of ships to do the work, the higher will be freights. We might thence suppose that his interest would be promoted by the pursuance of a course that would compel the cotton to go to the loom, and that he would be injured by the adoption of one requiring the loom to come to the cotton. Directly the reverse, however, as we have seen, is the fact. The more the loom can be made to come to the cotton, the more valuable are the services of men, the greater the number of men to be imported, the larger the number of commodities that can be exported, and the larger the business for ships.

The manufacturer, in like manner, stands between the producer and the consumer of cotton, and the larger the quantity of cotton to be converted compared with the machinery of conversion, the larger will be his charge for the use of his machinery. It might, therefore, be supposed that he would be injured by the adoption of measures tending to place the loom in the cotton-fields of the South, or on the coal-fields of the West, but the reverse is the fact. The more people make coarse cloth in the South and West, the more will there be to require fine cloth and silks from the East, and the greater the demand for labour in the one, the greater will be the requisitions made upon the other for the skill they have already acquired, with a constant increase of wages, and equally constant increase in the power of consuming food, cloth, and iron. The more they can make their exchanges at home, with men whose labour is valuable, the larger will be the equivalent received for their own labour; and the more rapid the increase in the value of that of others, the greater will be the value of their own. Every measure tending to break down the monopoly of machinery tends to increase the value of man throughout the world, and none could have that effect to such an extent as would the transfer of the machinery of Lowell to the cotton-fields, to be replaced by other machinery of a higher order.

But, it will be said, "The people of the South need no further protection than they now have. They are satisfied with 30 per cent., and why, if they can go on to manufacture without any increase of duty, should they impose higher duties on fine cloths and silks, for the benefit of the North and East? We know that the latter cannot make fine muslins at the present rate of duty—nor can they manufacture silk goods in competition with France. The South will work up its cotton and make its own exchanges, leaving the duty as it stands, and then Lowell, Lawrence, and Providence must go down, for competition is impossible." Such are the views perpetually promulgated by journals whose editors profess great acquaintance with political

* The export from Great Britain to all the foreign West India Islands is but little over 20,000,000 of yards.

economy, and whose speculations are received as authority by their readers. Nothing, however, could be less in accordance with the true interests of the planters.

The larger the quantity of the machinery prepared for the conversion of cotton into cloth, the smaller will be the charge for its use. The planter requires to rid himself of a *monopoly* that limits the increase of that machinery, and compels him to give to the owners of the little that exists, whether English or American, a share of the product entirely disproportioned to its value as compared with that of the machinery required for producing his cotton. To break down one monopoly and establish another would not answer his purpose, and yet such would be the result at which he would arrive were he to pursue a course that would merely substitute Augusta for Lowell, or Graniteville for Lawrence. The man of the South would, and necessarily, do as he of the North now does, buy his cotton at the market price, *as fixed in England*, and sell his goods at the market price, *as fixed in England*, for until the quantity of machinery shall be so far increased as to prevent the accumulation of large stocks in England, the price must continue to be there fixed for the world; and so long as we shall continue to be *compelled* to go there for any portion of our supplies of cloth, the price of the whole will continue to be fixed by the cost of obtaining the last small portion. What the planter needs is that the price shall be fixed here, for both cotton and cloth, and that it may be so, he requires an *increase* of the quantity of machinery ready to do his work, and not the mere substitution of that of Southern men for that of Northern men.

How indispensably necessary it is that they should do so will be obvious from an examination of the diagram given at page 75. It is there shown how enormous are the charges of the manufacturers when the quantity for cotton requiring to be converted bears a large proportion to the machinery for converting it. In the following table are given,

First. The amount of the crop.

Second. The prices of cotton in Liverpool, by which those of the rest of the world are settled. The dates taken are March, 1844, July, 1845, May, 1846, and June, 1847.

Third. The price of best mule twist, No. 2 per pound, at the same periods of time.

Fourth. The price the whole crop, allowing twelve per cent. for waste, would yield, if converted into this description of yarn.

Fifth. The yield to the planter, supposing the whole crop so sold, from which are to be deducted all the freights, charges, &c., between his plantation and Liverpool.

Sixth. The amount retained by the manufacturer as his charge for converting cotton-wool into yarn.

Year.	Crop.	Price.	Price of twist.	Amount of twist.	Price of crop.	Charge for conversion.
1843–4	815,000,000	6*d.*	10¼*d.*	£31,000,000	£20,000,000	£11,000,000
1844–5	958,000,000	4	11¾	41,000,000	16,000,000	25,000,000
1845–6	840,000,000	4¾	9¾	30,000,000	16,500,000	13,500,000
1846–7	711,000,000	7	10½	27,500,000	20,700,000	6,800,000

If we deduct from the crop of 1846–7, the comparatively small sum required for the payment of freight, charges, &c., and from that of 1844–5, the large sum required for the same purposes, it will be seen how insignificant is the return to the planter for a large crop compared with what he receives for a small one.

In 1847, the manufacturer gave 7*d.* and sold at an advance of about fifty per cent.—*i. e.* he charged half as much for converting the wool into yarn

as he paid for the wool itself. In 1845, when he paid 4*d.* he sold at nearly a shilling—*i. e.*, he charged twice as much for the work of twisting the wool as he paid for the wool. He was enabled to do this, because of two reasons:—First, the machinery of conversion was disproportioned to the quantity of cotton to be converted; and second, the market for cotton goods was extending itself, because the world was comparatively peaceful, and labour was being applied more productively than usual. The effect of the change that has since occurred will be seen from the following view of the operations of 1848.

	Crop.	Price	Price of yarn.	Amount of yarn.	Amount of crop.	Charge for conversion.
1847–8	940,000,000	4*d.*	8*d.*	£28,000,000	£15,600,000	£12,400,000

The machinery had been increased, but the market was gone. Wars, revolutions, and threats of war and revolution, had destroyed it. The planter had 4*d.* per pound, of which a large portion was swallowed up in the cost of transportation; and the manufacturer obtained as much for twisting the wool into yarn as the planter received for raising, ginning and baling it, and for transporting it, first to the place of shipment, and thence to Liverpool, together with all the charges of the numerous persons through whose hands it passed on its way.

The planter needs machinery adequate to the conversion of his crop, and also a market for it when converted. The failure of either is equally fatal to him.

The first he cannot have under the monopoly system. It is one of mere gambling; and while a few make fortunes, the many are ruined. The distant few, already wealthy—the cotton-lords of England—are not the men to whom he must look to provide him with it. It is to himself, and the many like himself, at home. Fuel and iron ore abound in the South, and cotton fields furnish cheap sites for the erection of acres of factory, in which the product of thousands of acres of cotton could be converted by aid of the labour that is now wasted—the coal and the iron ore whose powers remain unused—the water powers that remain unimproved. By their aid, every pound of cotton now produced in the South, not required by Great Britain and others for their own immediate consumption, could be converted into yarn or cloth, and cheaply furnished to the world. The planter would then receive a yard of cloth for a pound and a half of cotton, instead of giving five pounds for one.

The difference between the price of the crop of cotton, *in Liverpool*, and the price of yarn, *also in Liverpool*, in 1844–5, would have exceeded a hundred millions of dollars, being twice the amount* that it would cost to place in the cotton fields of the South spindles for converting into yarn the whole crop that is now sent without the limits of the Union.

He would then have yarn or cloth to sell instead of cotton, and then his crop would speedily rise to five millions of bales, for the labour and manure now wasted on the road would go upon the land. Capital now absorbed by brokers, ship-owners, and distant manufacturers, would be applied to the making of railroads, the improvement of the machinery of cultivation, the diffusion of knowledge, and in a thousand other ways tending to render labour more productive. Where, however, is he to find a market for his products, thus increased?

Commerce is but an exchange of equivalents; and if the supply of iron, silk, coffee, tea, and other commodities required by the planter, do not keep pace with increase in the supply of cotton, he will be constantly giving

* See Plough, Loom, and Anvil, No. XIX., page 421.

more cotton for less iron or silk, and thus others will enjoy the whole advantage resulting from his increased exertion. That the advantage may, as justly it should, be his, it is necessary that the production of the commodities that he desires *to receive* in exchange go on to increase in a manner correspondent with that which he desires *to give*. If it does so, he gives labour for labour. If it does not, he gives more labour for less labour.

The question now arises: Can the production of the world, under the existing system, go on to increase in such a manner as to give to the planter a proper equivalent for his production? The answer is to be found in the fact, that it has already failed to do so, and that he is even now obliged to abandon cotton for wheat and sugar. How, then, can it be expected to do so in future? The average crop must speedily reach 3,000,000 of bales; and, when it shall have done so, his condition will be worse than at present. The production of the world does not increase correspondingly with our own; and until it can be made so to do, we must work at disadvantage, giving much labour for little labour.

With all its immense mass of rich and unimproved land, the United Kingdom produces little. It does not even feed itself. It has a little iron and coal to sell, but a demand for an extra hundred thousand tons of the former would greatly increase the price of the whole without producing any material increase in the demand for cotton; for the rich iron-master would be made richer, while the poor miner would remain as poor as now. Great Britain has scarcely any thing to sell but *services*—not products. To her we cannot look for a market.

Of the people of France, almost half a million of those most capable of working employ themselves in carrying muskets, and a large portion of the labour of the rest is employed in raising food for them and other non-producers, in making clothing for them to wear, and powder for them to burn. They have, therefore, few products to sell, and, like Great Britain, they have little to offer in exchange but services.

The people of Italy and India raise some silk, but the chief part of both are otherwise occupied than in labours of production; and so are they like to be, and they cannot increase their product to keep pace with ours. Germany maintains large armies, and produces little to sell. So it is with Spain and Portugal. Mexico has a little silver and cochineal: but the quantity does not grow, nor is it likely so to do. Look where we may, the power of production is not only small, but incapable of increase under existing circumstances, and unless a change can be effected, we cannot find markets for the products of our constantly increasing population. What is the remedy? It is to bring the people to the place where *alone* their labour can be made productive, and thus establish perfect free trade with them.

Fifty thousand English miners and furnace men distributed among the coal and iron-ore fields of Pennsylvania, Ohio, Indiana, Tennessee and Alabama, would produce 600,000 tons of bar iron, to be exchanged with the farmer for his wheat, and the planter for his cotton, and the latter would then obtain a ton of the one for a bale of the other, instead of giving two or three for one. He could then make roads to go to market, and the labour of his people would become valuable, and they would consume five times the cloth they now consume, and thus would be made a double market for his cotton.

The same number of Italians would raise quadruple the silk we now consume, and they would be large consumers of food and cotton. Were the market for silk once made here, we should in a little time raise as much as all the world beside, and consume almost all we raised.

The planter and the farmer *must* make a market on the land for the

products of the land, by bringing here the people they desire to employ in the production of the commodities they require to consume; or they *must* continue to give a continually increasing quantity of labour for a continually decreasing one. By adopting the first course, they would convert the consumers of one pound into consumers of twenty pounds, and the consumers of twenty pounds into consumers of forty pounds. By adopting the opposite policy—that now called free trade—they will convert consumers of twenty pounds into consumers of one.

Were it now known in Europe that such was the *fixed and unalterable policy of the nation*, the present year would see the transfer of population to the extent of half a million of persons, and of capital, in the form of machinery, to an incalculable extent; and once here, here they would stay, increasing at once, and immensely, the market for both food and cotton. Five years would scarcely elapse before it would reach a million; for with every year the power to obtain food, clothing, and the machinery for profitably applying labour, would increase, offering new inducements for the transfer of both labour and capital. With each year, the desire of our neighbours, north and south, to enter the Union would increase, and but few would elapse before it would embrace all North America, and a population of forty or fifty millions of people, themselves consuming far more than all the cotton we now raise. The Canadian, in the Union, would find his labours trebly profitable, for he would obtain treble the iron and cloth in return for less exertion. The mines of Nova Scotia and New Brunswick would give forth their treasures in return to the labour of men who now can consume but little food or clothing, but would then have power to consume much. The mines of Mexico would be made to yield three dollars where now they yield but one; and all would obtain silver, gold, iron, lead, cloth, and all other of the necessaries, comforts, and luxuries of life, at diminished cost of labour.

With each step of this progress there would be increased demand for the labour, both physical and mental, of the manufacturers of the North, for the demand for fine cloths and for silk would grow with the growth of the power to produce coarse cloth and iron; the demand for fine books would grow with the increase of school-books and newspapers; and the demand for cotton and woollen machinery would grow with the increase in the power to obtain railroad iron.

Between the manufacturer and the planter there is, therefore, perfect harmony of interest. All are alike interested in the exertion to shake off the load imposed upon them by the present monopoly of machinery; but of all the agriculturist is most interested. Its tendency is to reduce the power of production throughout the world, to diminish the power of consumption, and thus to destroy the customers of both planter and farmer. The tendency of protection is to raise the value of labour throughout the world, by increasing the estimation in which man is held abroad, and thereby to augment production and the power of consumption. With every increase in the tendency to fly from Europe, it would be felt more necessary to endeavour to keep the people at home. By that process, and that alone, will the labourer of the world be raised to a level with our own.

CHAPTER THIRTEENTH.

HOW PROTECTION AFFECTS THE CAPITALIST.

If protection be "a war upon labour and capital," it must tend, by lessening the productiveness of labour, to prevent its proper employment, and thus to diminish the power of accumulating wealth by the clearing, draining, and enclosing of lands, the building of houses, the construction of roads and bridges for facilitating transportation, and of machinery for converting the products of the earth into the form required to fit them for the use of man. If, on the contrary, it be really, as its name imports, protection to the labourer, then must it increase the power of accumulating wealth, to be used for increasing his productive power, and thus facilitating the accumulation of further wealth.

The great machine of production is the land. The more time and mind that can be given to its cultivation, the more rapid will be the increase of production, the larger will be the return to capital, and the more rapid the improvement in the condition of man.

The more time and mind that *must* be given to the preparation of machinery of transportation, the slower will be the increase of production, the smaller will be the return to capital, and the slower the improvement in the condition of man. The object of protection is that of bringing the consumer to take his place by the side of the producer; thus saving transportation, and facilitating the application of labour to production, while diminishing the number of persons among whom the produce is to be divided.

A furnace, capable of producing 5000 tons of iron per annum, may be put in motion at a cost of $30,000. These 5000 tons would exchange in Ohio for 150,000 bushels of wheat, the produce of 12,500 acres of land that has cost $40 dollars an acre, equal to $500,000, for the labour employed in clearing and draining it, in making fences, building barns, houses and doing all other things necessary to fit it for production. Let us suppose the furnace, houses for the men, preparation of the mines, &c. to have cost $100,000, and yet the capital employed is five to one, to obtain precisely the same return. This, however, is not all. The wheat weighs 4000 tons, and to transport this to New York and thence to Liverpool requires more capital in wagons and canal boats than would have been required to produce the iron at home; and far more capital employed in ships than would have done it; and thus we have a total of seven or eight, if not even ten times the capital that is needed, while the return is precisely the same—5000 tons of iron.

The capital invested in building the furnace, the houses, and in preparing the mines, would have been permanent, and it would have given value to every acre around, because it would have made a market on the land for the products of the land, whereas, the wagons, ships, and canal-boats disappear with time; and the land, constantly cropped, becomes exhausted, and is frequently abandoned by the owners, and thus is the whole wasted.

The farmer will say that he could have obtained no more iron on the spot for the produce of his land, that the iron-master paid him for his wheat and charged him for his iron according to the price in Liverpool, and that he profited as much by exchanging in the one place as in the other. This is too nearly true. So long as he is *compelled* to compete with the inferior labour of Europe, so long must he accept this as a consequence. So long as he is *dependent* on England for a market for a single million of bushels of wheat, she will fix the price of all that is produced; and so long as he is *dependent* on her for the last few thousand tons of iron, she will fix the price of all that

is consumed. He needs to bring the home consumption of food up to the production, and the home production of iron up to the consumption, and the price of both will then be fixed at home. A little capital will then yield much iron. Now, much capital is required to produce little iron.

It has been shown (page 74,) that the whole of the cotton, 311,000,000 of pounds, consumed by the people of Great Britain and Ireland in 1845 and 1846, would have been paid for by 6,250,000 pieces of plain cottons, and 210,000 tons of iron, delivered in Liverpool. By the time this cloth and iron reached the plantation they would have shrunk into 5,000,000 pieces of cloth (120,000,000 of yards) and 160,000 tons of iron; and perhaps into a still smaller compass, even supposing them imported duty free. To have produced this 120,000,000 yards of cloth in those *two years* would have required 20 mills of moderate size, each capable of converting into cloth 2000 bales of cotton, and to have produced this iron would have required little more than two establishments, such as the one described at page 42, as existing in the Lehigh region of Pennsylvania.

To transport the 700,000 bales of cotton must have required 60 ships, each carrying 2000 bales, and making three voyages a year. Add to these, steamboats, warehouses, packing-machinery, &c., on this side of the Atlantic, and the docks, drays, warehouses, cars, railroads, &c. on the other side, and it will be found that the capital required for the work of transporting these 311,000,000, *after they had reached the place of shipment*, was three times more than would have furnished machinery that would have enabled the planter to convert the whole of them on the spot. *For all this the planter pays*, and therefore it is that we find him to have sent away 311,000,000 of pounds of cotton, to be exchanged in Liverpool for 74,000,000 of pounds in the form of cloth, and then to be reduced to 60,000,000 by the time they arrive on the plantation, thus giving five pounds of cotton for one yard of cloth. It is obvious that, even thus far, much capital is required to obtain small product.

Let us now see what was the amount employed by the planter in producing, at the place of shipment, the 250,000,000 of pounds that he gave in those two years to the people of England, for twisting and weaving the 60,000,000 that came back in the form of cloth. The annual average is 155,000,000 sent out, and 30,000,000 returned, 125,000,000 being lost on the road. The average product of cotton land is under 300 pounds an acre, at which rate 416,000 acres would be required for the production of the 125,000,000, saying nothing of the remainder of the various plantations not under cultivation. The average amount of labour, per acre, required to fit these lands for production, including fencing, houses, machinery, gin-houses, roads, &c., has not been less than one hundred days, and I should be safe in putting it much higher. Estimating those days at only 50 cents each, we obtain $50 as the actual expenditure required for each acre of land, at which rate the capital in land would be $20,800,000. Estimating the hands employed at no more than the land, we have a further sum of $20,800,000. Next, we have the capital employed in transportation to the place of shipment, and that some idea may be formed of that, I give the following statement, by one who furnishes it as the result of his personal observation:—

" Of the expense of this first movement, some idea may be formed by those who have seen it coming over dreadful roads, up to the hub, dragged slowly along 20, 30, or 40 miles, as we have seen it coming into Natchez and Vicksburg, hauled by five yoke of oxen carrying 2800 to 3000 pounds, and so slowly that motion was scarcely perceptible. So many perish in the yoke in winter and spring that it has been said, with some exaggeration, that you might walk on dead oxen from Jackson to Vicksburg. That was before the railroad was made. A wagon is loaded up, say 14 miles from Natchez, and

started at night, and reaches there in time to get back the next night time enough to "load up." Thus ten oxen have been wearing and tearing and dropping their manure on the road for 24 hours to make one load."*

Here we have five yoke of oxen transporting 3000 pounds in a day, a distance of only fourteen miles. Supposing the average distance to be 75 miles, and the roads to be similar, it would take them, *on an average*, a week to transport that quantity from the plantation to the place of shipment. I will, however, suppose that a single yoke of oxen can transport four bales, or 1800 pounds, per week. The number of loads would be 70,000, to be transported in the shipping season, which averages about eight months. To do this would require, always on the road,

2300 wagons,	average cost $80, . . .	$175,000
4400 oxen,	" " $40, . . .	175,000
2200 men,	" " $600, . . .	1,320,000
		1,670,000
	Total capital, ...	$43,270,000

This is a very low estimate of the fixed labour, called capital, given to the production at the place of shipment of these 125,000,000 of pounds of cotton. Let us now see how much is the fixed capital, the use of which is given by the distant manufacturers in exchange for all this. A mill that will work up 2000 bales of cotton can readily be produced at a cost not exceeding $100,000. These 2000 bales contain 900,000 pounds of cotton. Thirty-four such mills would work up 30,000,000 of pounds, and the cost of all these mills would be $3,000,000, or about one-fifteenth of the capital employed by the planter. Need we wonder that the planter's capital yields him a small return?

The more directly power is applied, the more efficiently it is applied. The more machinery that intervenes, the less is the power and the smaller the effect. The planter obtains his cloth and iron by the indirect means of raising cotton and food to send abroad, whereas, if he would apply his power directly to the production of both, production would be doubled and his power of accumulation quadrupled. Had the planters of 1845 and '46, provided themselves with machinery for the conversion of cotton into cloth, to the extent of the 155,000,000 consumed in England, they would have seen furnaces rise among them capable of producing treble the iron they could have obtained for that cotton, and thus would have been made a market on the land for the products of the land, the result of which would have been that they would have obtained far more for the balance of their crop than they did obtain for the whole. The produce of those 155,000,000 would then have bought them iron sufficient to make many hundred miles of railroad, and thus, while diminishing their necessity for resorting to distant markets, they would have increased their power so to do, by increasing their capital. It will be said, however, that while the labour employed in producing the cotton is set down, there is no allowance for that required for its conversion into cloth. No such allowance is needed. The labour of men, women, and children, now absolutely wasted in *every county* of the South is more than would be required for five such mills, and the cotton that is lost for want of aid in harvest-time would twice over pay for it.

The whole of those 125,000,000 of pounds of cotton consumed by the people of Great Britain and Ireland was thus absolutely wasted, and therefore it was

* Skinner's Journal of Agriculture, Vol. III., p. 483.

that the planter obtained one pound of cotton in exchange for five. Could the charges be saved that now intervene between the planter on one side, and the spinner and weaver on the other, he would obtain two pounds of cloth for three of cotton, and to acomplish this there is but one mode of proceeding, and that is *to persuade the machinery to come to the cotton*, and thus obviate the necessity for sending the cotton to the machinery. At present, we seem to be pursuing the same course that would be pursued by the man who should expend hundreds of thousands of days of labour in clearing and cultivating land for the production of wheat, and then wasting two-thirds of it on the road to and from the distant mill, for want of the application of three or four thousand days of labour to put up a mill on his own land. A grist-mill costing 5,000 days of labour will grind all the grain produced upon land that has cost 300,000, and perhaps 500,000, days of labour to place it in its existing condition; and yet the man above referred to, would waste on the road annually more days than would build such an one. So it is with our planters and farmers. We see in every little community that mills speedily rise for the conversion of grain into flour, and are satisfied with one-eighth toll; and so we see in every neighbourhood, where there are timber and a little water-power, saw-mills are got up for converting lumber into boards; and with each such operation, flour and boards are obtained at less cost of labour, and the farmer has to give less of wheat, and of timber, to have them converted into flour and boards. What would the wheat-grower say who should have to give five bushels for getting one back in flour*—and what should the cotton-grower say to getting back one bale of cotton in the form of cloth? Let him reflect on this question, and then answer the following one: Why should not every community of somewhat larger size have in like manner its own place for converting cotton into cloth? Could that be done, the planter would obtain half the cloth yielded by his cotton.

The latter will at first view probably deny this. He will say: If I sell my cotton to go to Manchester, it will produce me five cents. If I sell it to the manufacturer on the ground, he will give me no more. If I buy English cloth, it will cost me ten. If I had a manufacturer on the ground, I should pay the same. Such must be the case so long as he shall find himself *compelled* to compete in the market of England with the poor Hindoo for the sale of his cotton, and compelled to purchase there, a part of his supply of cloth, for so long will the prices of both be fixed in Liverpool. With every step in the progress of emancipation, however, he would find himself a gainer. Let him look around and see how much of the labour of his neighbourhood and of his own plantation is wasted for want of the demand that would be produced by the vicinity of the factory; and then let him reflect upon the advantage to be derived from having, in that factory, a place of employment throughout the year, of the persons who might, in case of need, aid him in his picking, and thus save for him the labour that is now lost on cotton wasted in the field, or overtaken there by frost. Let him consider these things, and he will probably find that the loss in them alone is equal to the value of the labour required for the conversion of all the cotton of the neighbourhood into yarn. If they could be saved, and he could thus, with

* "In some places in Virginia—in Rappahanock, for instance—the farmer does pay as much as one barrel to get four transported to Fredericksburgh, apparently not stopping to calculate at what price and what yield per acre that becomes a losing game, and apparently not reflecting, that while they pay 25 cents for transporting one dollar's worth of *wheat* they could transport the same weight, or fifteen dollars' worth of wool—or $7 50 of cheese, or $18 worth of live beef—at the same cost!"—*Ibid.*

the same labour, send yarn to market instead of cotton, he and his neighbours would be great gainers by the operation.

Having done this, let him look to the price at which he sells his corn, and see what would be the difference to him if he had a market on the ground in consequence of the conversion of some of his neighbours into mechanics, mill operatives, &c. Instead of remaining poor on the produce of little pieces of land, they would obtain good wages, and consume double their present quantity, while producing none. He would at once save much of the cost of transportation. He would sell food at home instead of having to buy it, with cost of commissions and transportation from his own neighbourhood added to it to increase its price, at Manchester or Lowell, and all would be great gainers by the operation.

Let him then look to his cleared land, and study what would be its value if all the manure yielded by his hay, and oats, and corn, and fodder, went back upon the land, instead of being wasted on the road, and if all of that yielded by his wheat and corn remained upon the ground instead of going to Lowell or Manchester, and see if he would not be a gainer by the operation.

Let him then look to his uncleared land, and calculate how much it would cost him to destroy the timber. Let him then calculate the value of the timber, if the factory were near him, and if the blacksmith and the shoemaker, the hatter, and the tanner, the bricklayer and the carpenter, needed houses; and if a town were growing up around the mill, and its inhabitants wanting pork and meal, and milk, and beef, and flour, and potatoes, and mutton, and see if he would not be a gainer by the operation.

Let him look to the quantity of land upon which this timber stands, and on which he is paying, or losing, interest. Let him then look to the quality of that land, and compare it with that which he now cultivates. Let him calculate how many bushels of potatoes it would yield, and compare their value, when consumed upon the ground, with that of the 300 pounds of cotton now yielded by an acre, and see if he would not be a gainer by the operation.

Let him add all these things together, and see if he would not save all the freights and commissions; even although he obtained no more for his cotton, and paid as much for his cloth. Let him see if he would not obtain the full value of his cotton, instead of, as now, obtaining but one-third of it.

The great cities and towns of the world are built up out of the spoils of the farmer and planter. Looking around in New York, or in Philadelphia, or Boston, it is not possible to avoid being struck with the number of persons who live by merely exchanging—passing from the producer to the consumer—producing nothing themselves. Wagons and wagoners, carts and cartmen, boats and boatmen, ships and sailors, are everywhere carrying about cotton, and wool, and corn, and wheat, and flour, as if for the pleasure of doing it. The man of Tennessee sends his cotton to Manchester to be twisted. His corn goes along with it, to feed the man who twists it. It leaves him worth twenty cents. By the time it is consumed by the Manchester spinner, it is worth, perhaps a dollar. The labourer buys it at that price. The manufacturer gives him a dollar to pay for it, and he charges it to the cloth at $1 10. The corn and cotton become cloth, and the Tennessee man buys it back, paying *five bales for one!* He can sometimes send his corn, but he can never send his potatoes, and the reason why he cannot is, that they are of the class of commodities of which the earth yields so largely that they will not pay freight. The only things he can raise for market are those of which the earth yields little, and that will therefore pay

freight. He raises three hundred pounds of cotton, all of which goes to market, bringing him back but sixty fashioned into cloth; returning nothing to the land of what it drew out of the land, whereas, if he had consumers near him, he would raise almost as many bushels of potatoes, the manure for which would go upon the land to enrich it, and make himself rich. He could then afford to clear, and ditch, and drain, and cultivate the richest land, now covered with timber, or with water.

Why does he not do these things? Why does he not convert the unprofitable consumers, everywhere around him, into profitable ones?* Why does he continue, year after year, to send his grain, or cotton, to the distant mill, instead of bringing, *once and for ever*, the mill to him? The reason may be found in the newspapers every day. Two years since, cotton manufacturers, wool manufacturers, and iron manufacturers were prosperous. Now they are all stopping work. Many are already ruined, and many more are likely so to be. Why is this? Does it arise out of any change in our own affairs? It does not. It arises out of changes abroad. Two years since, England made railroads, and consumption then was large. This year she does not make roads, and consumption is small. Two years since, we built factories and furnaces. This year, manufacturers and furnace-builders are ruined. All of them would be ruined, had they not a Tariff of protection, inadequate as is that of 1846, to give them that protection that is needed to secure them against such changes. Prosperous they would now be, had the tariff of 1842 remained unaltered; and the thousands employed in them would have remained profitable customers for the farmers, instead of being driven over the country to become the rivals of the farmer, increasing the quantity of provisions, of which there is already a redundance.

The capital employed in the transport of cotton is more than would build mills to convert the whole crop into cloth. The mill is saved labour. The transportation is labour lost, never to be regained. The mills once built, the whole of that labour might be applied to the work of production, for

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* The following picture of some of these unprofitable consumers is from a letter to the correspondent of "The New York Herald:"—

"I travelled yesterday over a public road twenty miles, and stopped at nearly every house. They were occupied by what are called 'the poor white people.' I found fifty log-houses on my route. You pass through a forest and come to cleared land. You see on one side of the road a field of corn, say five to ten acres; off a few rods back from the road, amid this corn stands a log cabin, the smoke curling up in blue wreaths even in these hot days. There is a wicket gate opening from the road, through which you pass and follow a footpath until you reach the entrance of the cabin. There is a stone for a step, and you enter. The woman is spinning. She asks you to a seat, which is made of nickory, both uprights and the seat. There are two or three more like it. In the corner of the room is a bed; the fire-place is very large, and the chimney is built of mud outside the hut. There are some nails for hats and clothes. There is a rifle on wooden pins; a shelf, with a few articles upon it, consisting of a broken comb, a Bible printed by the American Bible Society, and a case-knife. In a corner is a barrel. Look into it, and you will find a half bushel of corn meal inside, and over it, on a string, is a piece of bacon. There is a cupboard in the corner; open that, and perhaps you will find a cup and saucer and a plate, and perhaps you won't. This a picture from the life. You ask for the family—'My man is pulling fodder.' 'How many children have you?' 'Six;' and by and by you will see the whole half dozen flaxy-headed children peeping in through the crevices of the hut, for in the summer season, as there are no windows, the filling in between the logs is taken out for air. You wonder how people can live in such a one-room den. Yet they do live, and get on very well. They keep a cow sometimes, a few pigs to make ham and bacon, and they raise corn, wheat, and oats. The cabin is worth twenty dollars, if it was to be bought."

the lost labour of the hands upon the plantation, and of the "poor white people," everywhere throughout the South, is more than would be required for the work of conversion. Protection seeks to enable the planter to save this labour and accumulate capital.

It is said to be "a war upon labour and capital;" but it would here certainly seem to be, what its name denotes, protection to the producer of food and wool against a system which compels him to give the use of fifteen dollars of capital in exchange for the use of one. Its object is that of promoting concentration. That of the system falsely called free-trade is to promote dispersion. The last twelve months have witnessed the expulsion of many thousands of men, and many millions of capital to California, not one-tenth of which will ever return. One of the papers of the day states that

"Considerable excitement has been created here (New York) among those who have made shipments of merchandise to California, by the receipt of letters from commission houses in San Francisco, containing account of sales. It appears that the charges have, in several instances, used up entirely the proceeds of the sales. We hear it stated in dry-good circles, that one of our largest auction-houses sent out over two hundred thousand dollars' worth of dry-goods last winter, for which, up to this time, they have received no proceeds."

Hundreds of ships are now in the Pacific, doing nothing and earning nothing, when they might be carrying cotton, and we are now building other ships to replace them. The capital now invested in those ships and in California would have built mills for the conversion of half the cotton of the South, and furnaces for the production of as much iron as is produced in Great Britain. For all this waste of capital the farmer and planter pay, for the harmony of interests is so perfect that the losses of the ship-owner and manufacturer are invariably borne, in largest proportion, by them.*

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* The following estimate of the quantity of labour and capital *lost by ourselves* and wasted in California, is from the New York Herald, and is not far from the truth:—

"It is estimated that about 500 vessels had, up to the 1st of November, arrived at San Francisco, from the United States and Europe, and that at least 100,000 people were, at that time, in California. The average cost of outfit for each person cannot be less than $200, which makes an aggregate of $20,000,000. It will cost an average of at least $300 per annum for each to live. This amounts to $30,000,000. This makes a total of $50,000,000, for the bare outfit and provisions for one year. The 500 vessels which had arrived, at the latest date, and the 500 on the way, are worth, on an average, about $10,000 each, which amounts to $10,000,000. The time of each individual we estimate to be worth, on an average, $200—total, $20,000,000. Grand total of outfit, cost of living one year, cost of vessels engaged in the trade, and value of time one year, $80,000,000. This is a moderate calculation, as the actual outlay and absorption of capital, up to this time, will probably amount to full $100,000,000. As an offset to this we have thus far received about six millions of dollars ($6,000,000) in gold dust, from California and the whole Pacific coast. It will be perceived that there is still an enormous balance against California, and that it will be a long time, at the rate already realized, before we shall receive even the sum expended, to say nothing about profits. It is our impression that most of those engaged in the trade would be satisfied with merely the cost of their shipments. Most of them have abandoned all idea of profits, and many of them will never realize a cent: the charges, such as freight, storage, &c., will eat up every mill of first cost. The only product of California, to pay for this immense amount of property, is gold. At present it has no other resource, and we know of none but its minerals. It is now a little more than twelve months since the emigration to California commenced, and there has never been known, in the history of the world, such a movement as has been presented in this. Independent of the hundreds of vessels which have departed from all parts of the world for California, we have nearly a dozen of the finest steamships in the world, regularly employed in carrying passengers and the mail between this port and San Francisco, via Chagres and Panama. Several large steamers are now on the way round, to take their place in the line from Panama to San Francisco, and in a short time we shall have two or three more on the line between this city and Chagres."

The landowners of the world are the great capitalists. The exchangers are the small ones, and yet they and their machinery absorb the chief part of the products of the land, which therefore yields but small return to the labour employed in its preparation for production. Almost everywhere throughout this country it is of small value, rarely exceeding the cost of fencing and buildings. That it may be otherwise, and that landowners may grow rich, it is required that they bring the loom to the cotton, and the anvil to the food, instead of sending the mass of cotton and food, year after year, in search of the loom and the anvil.

How rapidly their capital is capable of accumulating is a lesson that the mass of the farmers and planters of the Union have yet to learn. The first settlement of land involves a large amount of labour; but here, as in many other cases, it is the first step that is the most costly. The land cleared, the farm enclosed, the house built, and the road made, the cost of transportation still absorbs so large a portion of the product that the whole has little value. The making of a railroad doubles it, but the quantity of cloth or iron that can be obtained for wheat or cotton is yet so small that the land has still but little value. To bring the furnace or the cotton mill to the spot, and thus to make a market on the land for the products of the land, requires an amount of labour that is absolutely insignificant compared with the amount already expended, and yet it doubles the value of all around. The sole cause of the difference in the value of land anywhere—quality being equal—is to be found in the proximity to, or distance from, market.

Let us now suppose that during the last twenty years we had annually appropriated a small part of the labour that has been wasted on the road, and a small portion of the food and cotton that have been lost in distant markets, to the building of furnaces and the erection of cotton mills, and that the Southern States now possessed a hundred of the former, each capable of producing 5000 tons of iron, and rolling mills to convert it into bars, and the latter capable of converting into cloth 500,000 bales of cotton, and that the spare labour of their hands had been employed in grading roads upon which they had been for years laying the bars produced in their own furnaces and mills, and see what would be the result. Throughout the whole South there would have been a market at hand for a large portion of their products, while every part would be enjoying facilities for transporting its surplus food or cotton to distant markets at one-fifth of the present cost, and thus the land of every part would have been acquiring value, to an extent almost incalculable. The planting States have 400,000,000 of acres, and the addition of ten dollars an acre to the present value would amount to four thousand millions of dollars, while the cost of building furnaces, rolling-mills, and all other of the machinery necessary to have covered those States with roads, and filled them with machinery to enable them to convert into cloth as much cotton as would free them from all *dependence* on the movements of distant markets, making them independent, would not have been fifty millions, and yet, large as it may seem, the return would have been an augmentation of capital counting by thousands of millions.

An addition of one dollar an acre in the annual value, or rent, of a plantation, would add more than ten dollars an acre to its value. The farmer now sends his corn to market and brings back twenty cents, yet the consumer pays fifty. He brings back iron that costs him 300 bushels per ton, yet the producer of that iron obtains but 25. Had the iron and cotton manufactures been allowed to develope themselves throughout Virginia, Tennessee, Alabama, and other of the Southern States, 60 bushels of corn or half a bale of cotton, would this day pay for a ton of iron, and if that were the case, what would now be the value of land? Would it not be greater

than at present by more than twenty dollars an acre? If so, would not that amount to eight thousand millions of dollars? It is almost inconceivable how trivial is the amount of capital required to double, treble, or quadruple the value of land, after the first and most expensive process, that of the first occupation, has been performed.

Let us now look to the state of things in England. The great field of employment for capital is the land. The number of acres in the United Kingdom is sixty-four millions. An expenditure of labour to the extent of only twenty shillings per acre would absorb the enormous sum of three hundred millions of dollars, and an average of three guineas per acre would absorb one thousand millions; whereas the whole capital employed in the cotton manufacture is but thirty-four millions of pounds,* or about one hundred and sixty millions of dollars, and that invested in shipping is but little more. Now, if we suppose one-half of the cotton machinery to be for the domestic trade, and the other half for the foreign, and one-half of the navigation to be for home purposes, including the procuring of tea, coffee, sugar, silk, &c., for the home market—and the other half to be for other purposes, the result will be that the market for capital provided by the foreign trade is but one-sixth of what would be required for agriculture, at only three pounds per acre. If we take the average duration of ships and machinery to be ten years, we have an annual demand by the foreign trade for three millions only, being equal to less than one shilling per acre annually invested in the improvement of land. No one who is familiar with the condition of Irish agriculture, and of a large portion of that of England and Scotland, can doubt that the expenditure of twenty times that amount in the gradual improvement of cultivation, and in the improvement of communications would be attended with a large return. Land, however, is everywhere centralized in the hands of great owners, and cultivated by great farmers; and the consequence is, that capital does not find employment in its improvement, and has to seek a vent in manufactures and commerce, which, together, afford a field so small, that competition is great and the rate of profit is very low.

The savings of Ireland are forced into England, because of the absence of all modes of local investment. From 1821 to 1833, no less than ten millions of pounds were thus transferred; and later statements show that the course of events from that time to the present has been nearly the same.

Of the deposits in the Scottish banks, a large portion is habitually invested in the funds; and thus, local investment being prevented, there is a constant pressure upon the centre, which deprives the capitalists, great and small, of remuneration.

The natural consequence of this absence of facilities for applying capital at the places at which it is owned, is the accumulation of large quantities in London, for which a market is to be sought at low rates of interest. Foreigners are then invited to borrow money—that is to say, to buy cloth and iron on credit—and then when by this process the unemployed capital has been scattered to different parts of the earth, there comes a crisis, and the debts are called in, with bankruptcy to the debtors of England, and wide-spread ruin among the merchants of England. Such is the history of the period from 1835 to 1842, ending in bankruptcy and repudiation. Such is the history, so far, of the tariff of '46. We have bought from thirty to forty millions of dollars of goods on credit, and the day of payment must come.

By a succession of operations of this kind all the customers of England

* McCulloch's Statistics, Vol. I. p. 78.

had been ruined, and there remained, in 1842, no foreign country that could be trusted. Capital appeared superabundant. Interest was very low, and there appeared no prospect of improvement. Every thing was prepared for a great home speculation, and the railroad soon became the hobby of the day. It was a great lottery, in which peers and paupers, bankers and half-pay officers, clergymen and pickpockets, bought tickets, all certain of drawing prizes. Five thousand miles of road have been made, at a nominal cost of £148,000,000,* but the larger portion of this vast sum has been merely a transfer from the pocket of one gambler into that of another, as may be seen from the following statement. The mere Parliamentary expenses† of the

Blackwall railway amounted to, ...	*per mile*,		$70,000
Those of the Manchester and Birmingham to . .	"		25,000
And those of the Eastern Counties' road to . .	"		23,000
The amount allowed for land by the Manchester and Birmingham, was	"		80,000
Eastern counties	"		75,000

In this manner, the cost of the works executed was swelled to $250,000, $300,000, $400,000, and in one case to $1,400,000 per mile, the consequence of which has been that while the designing few have been enriched, the many have been ruined, and England is covered with the wrecks of this disastrous speculation, which owed its existence to the fact that the whole policy of the country tended to force capital into commerce and manufactures, which afford the smallest field for its employment, and to drive it from agriculture, the only one that affords a field constantly enlarging, and in which an almost unlimited amount of labour and capital might be employed at a constantly increasing rate of return.

The manner in which the system operates upon the moneyed capitalist here is now to be examined. In 1835, as we have seen, the natural outlets for capital were closed. We ceased to build mills, furnaces, or rolling-mills, and the building of ships and houses was diminished. The necessary consequence of this blocking up of capital was, that the price of dividend-paying stocks rose, and this produced a desire to create new stocks with the then idle capital. Roads and canals were commenced at the west and south-west, banks were created, and the capitalist was led to believe that he was to obtain ten or fifteen per cent. per annum for the use of the means that he thus placed under the control of strangers. The day of settlement, however, arrived. England claimed payment for the cloth and iron; but the means by which she might have been paid were scattered to the four winds of heaven, invested in unproductive roads, and in banks that were ruined by the failure of their debtors; and *thus were wasted as many millions as would have built furnaces to produce quadruple the iron we ever yet have used, and converted into cloth all of the cotton we then produced.* The mass of smaller capitalists were ruined, but the few were made rich.

We are now moving in the same direction. Money is said to be cheap; that is, there is much in bank at the credit of depositors, for which they are receiving no interest. The papers of the day informs us that Western city stocks and bonds are coming into demand; and here we have the beginning of a movement similar to that of 1836. In a little time it will be judged expedient to create banks at a distance, and then a little while and England will claim payment for the cloth and iron we are now buying on credit, and then will be re-enacted the scenes of 1842.

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* Herapath's Railway Journal, quoted in North British Review, August, 1849.

† The Parliamentary expenses of 1845, '6, and '7, were upwards of £10,000,000, or $50,000,000.—*Ibid.*

If we desire to know who are the persons from whom is derived the power thus to derange the movements of the world, it is needed only to look at the prices of cotton and yarn between the periods of 1844 and 1848, as shown in a former chapter. The farmers and planters of the world first give away their products, then borrow a part of them in the forms of cloth and iron, and when ruined by the operation are denounced as bankrupts and swindlers.

The well-understood interests of the capitalists of all nations are in perfect harmony with each other. Whatever tends to diminish production in one, tends to diminish the return to capital in all. The British system is "a war upon the labour and capital of the world;" upon her own as well as that of other nations. Its effect is to keep the return to the capitalist at a very low point, and often to deprive him altogether of return, and all because it tends to compel the labourer to underwork the Hindoo and the Russian, and to sink him to their level. Therefore it is that labourers and capitalists of other nations are forced to resort to measures of protection. The immediate effect of the adoption of efficient and complete protection, as a national measure, would be the transfer to this country of an immense body of capital in the form of machinery, followed by a gradual rise in the rate of profit abroad, which would tend to attain a level with our own. *That* capital, once here, could not be reclaimed. Like the men we import, it would stay, and the effect that would follow necessarily from its transfer would be an increased import of men—of all, the most valuable species of capital, though now, in Europe, the most despised.

To attain perfect freedom of trade, we need to raise the labourers and capitalists of Europe to a level with our own. The colonial system tends to depress and destroy both.

CHAPTER FIFTEENTH.

HOW PROTECTION AFFECTS THE LABOURER.

WHENEVER there is in market a surplus of any commodity, whether that surplus be the effect of natural or artificial causes, the price of the whole tends to fall to that at which the last portion can be sold—and whenever there is a deficiency, the price of the whole tends to rise to that point at which the last portion that is needed can be obtained. Labour is a commodity, the owners of which seek to exchange with other persons, giving it in the form of sugar or cotton, and receiving it in the form of cloth and iron, and, being such, it is subject to the same laws as all other commodities. So long as there shall be a surplus of it anywhere, the price everywhere tends to fall to the lowest level. With the diminution of the surplus anywhere, the price everywhere will tend to rise to a level with the highest.

Mere labour, unaided by machinery, can effect little. The man who has no axe cannot fell a tree, nor can he who has no spade dig the earth. The man who has no reaping-hook must pull up the grain, and he who has no horse or cart must transport his load upon his back. Such is the condition of the people of India, and such, nearly, is that of the people of Ireland. Labour is consequently unproductive, and its price is low.

To render labour productive, men require machinery, which is of three kinds, to wit: First, Machinery of *production*, consisting of lands that are cleared, drained, and otherwise fitted for the work of cultivation. Second, Machinery of *conversion*, as saw-mills, which convert logs into planks and boards; grist-mills, which convert wheat into flour; cotton and woollen-mills, which convert wool into cloth; and furnaces, which convert lime, fuel, and ore into iron. Third, Machinery of *transportation*, by aid of which the

man who raises food is enabled to place it where he can exchange it with the one who makes cloth or iron.

The two latter descriptions make no addition to the quantity of food or wool that is to be consumed. The wheat or cotton that goes into the mill comes out flour or cloth. The barrel of flour that goes into the ship comes out a barrel of flour, neither more nor less, and it will feed no more people when it comes out than when it went in.

The bushel of wheat that is sown comes out of the earth six, eight, or ten bushels, and the bushel of potatoes comes out twenty or thirty bushels. They have been placed in the machine of production, while the others have been placed in the machines of conversion or transportation.

The more labour that can be applied to the machine of production, the larger will be the supply of food and wool, and the larger will be the quantity of both that will be deemed the equivalent of a day's labour.

The nearer the place of conversion can be brought to the place of production, the less will be the necessity for transportation, the more steady will be the demand for labour throughout the year, the larger will be the quantity that may be given to the work of production, the better will the labourer be fed and clothed, and the more rapid will be the accumulation of wealth in the form of machinery to be used in the further increase of production.

Wealth tends to grow more rapidly than population, because better soils are brought into cultivation; and it does grow more rapidly whenever people abandon swords and muskets and take to spades and ploughs. Every increase in the ratio of wealth to population is attended with an increase in the power of the labourer as compared with that of landed or other capital. We all see that when ships are more abundant than passengers, the price of passage is low—and that when, on the contrary, passengers are more abundant than ships, the price is high. When ploughs and horses are more plenty than ploughmen, the latter fix the wages, but when ploughmen are more abundant than ploughs, the owners of the latter determine the distribution of the product of labour. When wealth increases rapidly, new soils are brought into cultivation, and more ploughmen are wanted. The demand for ploughs produces a demand for more men to mine coal and smelt iron ore, and the iron-master becomes a competitor for the employment of the labourer, who obtains a larger proportion of the constantly increasing return to labour. He wants clothes in greater abundance, and the manufacturer becomes a competitor with the iron-master and the farmer for his services. His proportion is again increased, and he wants sugar, and tea, and coffee, and now the ship-master competes with the manufacturer, the iron-master and the farmer; and thus with the growth of population and wealth there is produced a constantly increasing demand for labour, and its increased productiveness, and the consequently increased facility of accumulating wealth are followed necessarily and certainly by an increase of the labourer's proportion. His wages rise, and the *proportion* of the capitalist falls, yet now the latter accumulates fortune more rapidly than ever, and thus his interest and that of the labourer are in perfect harmony with each other. If we desire evidence of this, it is shown in the constantly increasing amount of the rental of England, derived from the appropriation of a constantly decreasing proportion of the product of the land: and in the enormous amount of railroad tolls compared with those of the turnpike: yet the railroad transports the farmer's wheat to market, and brings back sugar and coffee, taking not one-fourth as large a *proportion* for doing the business as was claimed by the owner of the wagon and horses, and him of the turnpike. The labourer's product is increased, and the proportion that goes to the capitalist is decreased. The power of the first over the product of his labour has grown, while that of the latter has diminished.

Look where we may, throughout this country, we shall find that where machinery of transportation is most needed, the quantity of labour that can be given to production is least, and the return to labour—or wages of the labourer in food, clothing, and other of the necessaries and comforts of life—is least: and that where transportation is least needed, the quantity of labour that can be given to production is greatest, and wages are highest: or in other words, that the nearer the consumer and the producer can be brought together the larger is the return to labour.

For forty years past the cultivation of cotton in India has been gradually receding from the lower lands towards the hills, producing a constantly increasing necessity for the means of transportation, and a constant diminution in the quantity of labour that could be applied to production. With each such step labour has been becoming more and more surplus, and the reward of labour has been steadily diminishing.

During a large portion of this period, such has been the case with Southern labour. It has been gradually receding from the lower lands of South Carolina and Georgia, producing a constant increase in the necessity for transportation, while the commodities to be transported would command in return a constantly decreasing measure of cloth, iron, and other of the necessaries of life. This tendency has been in some degree arrested by the large consumption at home, and by the power of applying labour to the culture of sugar; but were we now to change our revenue system, establishing perfect freedom of trade, the home manufacture of cotton and the home production of sugar must cease, and cotton wool would then fall to three cents per pound, for the planter would then be reduced to that as the only thing he could cultivate for sale. Labour would become more and more surplus, with a constant diminution of the power of the labourer to obtain either cloth or iron.

So has it been, and so must it continue to be, with the sugar and coffee planters. Their products yield them a constantly diminishing quantity of either cloth or iron, with constantly increasing difficulty of obtaining clothing or machinery in exchange for labour.

In New England, wages—*i. e.* the power to obtain food, clothing, and iron in exchange for labour—are high, but they tend to rise with every increase in the productiveness of Southern and Western labour, and so will they continue to do as Southern and Western men become manufacturers, because the latter will then have more to offer in exchange for labour. With any diminution in the productiveness of labour South or West, the wages of New England must fall, because there will then be less to offer them in exchange.

In England, the power to obtain food, clothing, or iron, for labour, is small, and it tends to diminish with every increase in the proportion of the population dependent upon transportation, and every diminution in the proportion that applies itself to production, because with each such step there is a necessity for greater exertion to underwork and supplant the Hindoo, whose annual wages even now are but six dollars, out of which he finds himself in food and clothing. With every step downwards, labour is more and more becoming surplus, as is seen from the growing anxiety to expel population, at almost any present sacrifice. Why it is so we may now inquire.

The great object of England is commerce.

Commerce among men tends to produce equality of condition, moral and physical. Whether it shall tend to raise or to depress the standard of condition, must depend upon the character of those with whom it is necessary that it should be maintained. The man who is compelled to associate with the idle, the dissolute, and the drunken, is likely to sink to the level of his companions.

So is it with labour. The necessity for depending on commerce with men

among whom the standard is low, tends to sink the labourer to the level of the lowest. Place half a dozen men on an island, two of whom are industrious and raise food, leaving it to the others, less disposed to work, to provide meat, fish, clothing, and shelter, and the industrious will be *compelled* to exchange with the idle. Clothing and shelter are as necessary as bread, and those who play will therefore profit by the labours of those who work. The latter, finding such to be the result, will cease to work with spirit, and by degrees all the members of the little community will become equally idle. Here lies the error of *communism* and *socialism*. They seek to compel union, and to force men to exchange with each other, the necessary effect of which is to sink the whole body to the level of those who are at the bottom.

So, too, is it with nations. The industrious community that raises food and is *dependent* on the idle one that makes iron must give much of the one for little of the other. The peaceful community that raises cotton and is *dependent* on the warlike one that raises silk, must give much cotton for little silk. Dependence on others for articles of necessity thus makes a community of goods, and the sober and industrious must help to support the idle and the dissolute—nations as well as individuals.

So long as this state of dependence exists, the condition of each is determined by that of the other. If the idle become more idle, and the dissolute more dissolute, those who still continue to work must steadily give more labour for less labour, and their condition must deteriorate unless they adopt such measures as shall gradually diminish and finally terminate their dependence on such companions.

The policy of England has tended to produce *communism* among nations. She has rendered herself dependent upon other communities for supplies of the articles of prime necessity, food and clothing, obtaining her rice from the wretched Hindoo, her corn from the Russian serf, and her wool from the Australian convict, neglecting her own rich soils that wait but the application of labour to become productive.

The necessary consequence of this is a tendency downwards in the condition of her people, and as it is with those of England that those of this country are invited to compete, it may not be amiss to show what is the condition to which they are now reduced by competition with the low-priced labour of Russia and of India.

The *Spectator*, a free-trade journal, informs us* that "the condition of the labouring classes engaged in agriculture, long an opprobrium to our advancement in civilization, has not improved; while wages exhibit *a universal tendency to decline beneath the lowest level of recent times.*"

The *Morning Chronicle* has recently given a series of letters from a correspondent specially deputed to inquire into the condition of the labouring classes in the agricultural counties, and by him we are informed that in Buckinghamshire and Oxfordshire the average wages of the year will not exceed 9 = $2·16 per week, while in Berks and Wiltshire they will not exceed 7,6 = $1·79, and with this it is to be borne in mind that "when a poor wretch is prevented for a day, or even half a day, from working, his wages are stopped for the time." The wife sometimes works in the fields, and adds three shillings a week to the fund out of which these unfortunate people are to be subsisted, yet this gain is not without a drawback, as will be seen by those who may read the following account of the condition of the English agricultural labourer, in the middle of the nineteenth century, which, long as it is, will be found interesting:—

* November 12, 1849.

"When a married woman goes to the fields to work, she must leave her children at home. In many cases they are too young to be left by themselves, when they are generally left in charge of a young girl hired for the purpose. The sum paid to this vicarious mother, who is generally herself a mere child, is from 8*d.* to 1*s.* per week, in addition to which she is fed and lodged in the house. This is nearly equivalent to an addition of two more members to the family. If, therefore, the mother works in the fields for weekly wages equal to the maintenance of three children for the week, it is, in the first place, in many cases, at the cost of having two additional mouths to feed. But this is far from being all the disadvantages attending out-door labour by the mother. One of the worst features attending the system is the cheerlessness with which it invests the poor man's house. On returning from work, instead of finding his house in order and a meal comfortably prepared for him, his wife accompanies him home, or perhaps arrives after him, when all has to be done in his presence which should have been done for his reception. The result is, that home is made distasteful to him, and he hies to the nearest ale-house, where he soon spends the balance of his wife's earnings for the week, and also those of his children, if any of them have been at work. A great deal is lost also through the unthrifty habits of his wife. Her expertness at out-door labour has been acquired at the expense of an adequate knowledge of her in-door duties. She is an indifferent cook—a bad housewife in every respect. She is also in numerous instances lamentably deficient in knowledge of the most ordinary needle-work. All that she wants in these respects she might acquire, if she stayed more at home and was less in the fields. In addition to this, her children would have the benefit of being brought up under her own eye, instead of being, as they are, utterly neglected and left to themselves; for the party left in charge of them—and it is not always that any one is so—is generally herself a child, having no control whatever over them. It is under these circumstances that the seeds of future vice are plentifully sown. On the whole, as regards the system of married women working in the fields, I cannot, when the children are young, but look on the balance as being on the side of disadvantage. In that case I think it would be decidedly better for the poor man, having reference only to his physical comforts, that his wife stayed at home. And this is the position of many a labouring man. In many cases when the family is large, some of the children are at work, adding their scanty wages of from 1*s* 6*d.* to 2*s.* a week to the common fund. But I have known numerous cases of families of seven children, of which the eldest was not eight years old. Besides, when these are fit to work and earn wages of their own, his children soon become independent of him, and set up for themselves. This is in one way a relief to him, unless his family, while diminishing at one end, is increasing at the other. There can be no doubt but that a family is frequently aided by the earnings of the children, but in by far the greater number of cases the means of support are procured by the parents themselves. From what has been already said of the disadvantage to the whole family at which the wife bears her share in procuring them, it will be evident that the husband's earnings are, after all, the true test and standard of his own condition and that of those dependent upon him.

Moreover, in a very large proportion of cases, the wife remains at home, attending to duties more appropriate to her sex and position, in which case there is no other aid to be had, unless it be the trifling and fitful earnings of one or two of the children. We have seen that, in the counties in question, there are about 40,000 married couples, who, with their children, numbering about 120,000, depend exclusively upon agricultural labour for support. Of the 40,000 mothers, fully one-half stay at home, some being compelled to do so on account of the extreme youth of their children; and others, save when their families are somewhat advanced, preferring from calculation to do so, as being the best mode of turning their scanty means to good account. This may be taken as the case with half the married couples, who, with their families, will number about 100,000 individuals. So far, therefore, as these are concerned, the children, in about the same proportion of families, being too young to add any thing to the common stock, there is nothing else to adopt as the test of their condition and the standard of their comforts but the earnings of the husband. Let us inquire, therefore, into the condition of a family thus solely dependent upon such wages as the husband has, on the average, received during the past portion of the current year. I can best illustrate that condition by one of the numerous cases which came under my consideration in Wiltshire. The labourer in that case had 8*s.* a week, but he was then only in receipt of 7*s.* He had seven children, the eldest of whom, a girl, was in her eighth year. Two of his children had been at a "dunce's school;" but they were not then attending it, simply because he could not afford the 4*d.* a week which had to be paid for their education. To ascertain how far he was really

incapable in this respect, I requested him to detail to me the economy of his household for a week, taking his earnings at 8*s*. The following is the substance of the conversation, discarding, for the reader's sake, the portions in which the names are given.

When are your wages paid?—On Saturday night, but often only once a fortnight.

What do you do with the money on receiving it?—I first lay by my rent, which is a shilling a week. I then go to the grocer's and lay in something for Sunday and the rest of the week. I buy a little tea, of which I get two ounces for 6*d*. Sugar is cheap, but I cannot afford it. We sometimes sweeten the tea with a little treacle, but generally drink it unsweetened.

Do you purchase any butcher meat?—Generally for a Sunday we buy a bit of bacon.

How much?—It is seldom that I can afford more than half a pound.

Half a pound among nine of you?—Yes; it is but a mere taste, but we have not even that the rest of the week. It costs me about 5*d*.

Do you buy your bread, or make it at home?—We buy it. We have not fire enough to make it at home, or it would be a great saving to us.

Do you buy a quantity at once, or a loaf when you need it?—We buy it as we need it.

Have you a garden attached to your cottage?—I have about fifteen poles, for which I pay 1½*d*. a pole. It is less than the eighth of an acre.

What do you raise from it?—We raise some potatoes and cabbages.

Do you raise a sufficient quantity of potatoes to serve you for the year?—No, not even if they were all sound.

In addition to the potatoes and the cabbages which you raise, how much bread do you require for your own support, and that of your wife and seven children for the week?—We require seven gallons of bread at least.

What is a gallon of bread?—It is a loaf which used to weigh 8 lbs. 11 oz., but which now seldom weighs above 8 lbs. Those who supply bread to the union seldom make it over 8 lbs.

What is the price of the gallon loaf?—Tenpence. It is cheaper than it was, but then there is not always so much of it. It is often of short weight.

Seven gallons of bread at 10*d*. a gallon would make 5*s*. 10*d*., would it not?—I believe it would make about that—you ought to know.

Do you always get seven gallons a week?—No, seldom more than six.

Then you spend 5*s*. in bread, and make up for the want of more by potatoes and cabbages?—Yes.

You have still some money left; what do you do with it?—It costs us something for washing. For soap and soda, and for needles and thread for mending, we pay about 5*d*. a week.

Do you buy fuel?—We get a cwt. of coal sometimes, which would cost us about 1*s*. or 1*s*. 1½*d*. if we took in any quantity and paid ready money. When we do neither it costs us about 1*s*. 4*d*. a cwt. If there is one poor man who can afford to buy it in any quantity for ready money, there are forty who cannot.

How long would a cwt. of coals serve you?—We make it last one way or another for two weeks.

Your fuel, therefore, will cost you about 8*d*. a week?—It will.

Is there any thing else you have?—We buy a little salt butter sometimes, which we can get from 6½*d*. to 10*d*. a pound. We are obliged, of course, to take the cheapest; "and really, sir, it is sometimes not hardly fit to grease a wagon with."

But your money is already all gone: how do you pay for your butter?—It is not always that we have it, and we can only have it by stinting ourselves in other things.

You have said nothing about your clothing: how do you procure that?—But for the high wages we get during the harvest time, we could not get it at all.

How long does the time last when you get high wages?—About ten weeks, and but for what we then get I do not know how we could get on at all.

From this recapitulation it must certainly appear a mystery to the reader how they get on as it is. The weekly expenditure, in our view, is as follows, the family being nine and the weekly receipts 8*s*.:—

	s.	*d*.
Rent	1	0
Tea	0	6
Bacon	0	5
Bread	5	0
Soda, soap, &c.	0	5
Fuel	0	8
Total	8	0

The provision for clothing is in the extra wages paid at harvest time, while the family cannot be treated to the luxury of bad butter without sacrificing the tea, two ounces of which must serve for a week, the half pound of bacon, which affords but a "mere taste" on Sunday to each; some of the bread which is already but too scantily supplied; or a portion of their fuel, the absence of which renders their home still more cheerless and desolate. Sugar, too, is out of the question, without trenching upon items more absolutely necessary. Nor is there any reserved fund for medicines, too often required by a family of nine thus miserably circumstanced. What, in short, have we here? We have nine people subsisting for seven days upon 60 lbs. of bread—scarcely a pound a day for each. half a pound of bacon, and two ounces of tea, the rest being made up by a provision, too scanty in nine cases out of ten, of potatoes and cabbages raised in the garden. Could they descend much lower in the scale of wretchedness, especially when we couple with their stinted supply of the less nutritious kinds of food the miserable hovels in which it is taken by them, either shivering in the winter's frosts, or inhaling the pestilential odours engendered around them by the summer heats?

I could no longer express any surprise at 4*d.* a week being grudged for the education of two children.

This being the mode in which his weekly wages were expended, I asked the same individual to give me an account of his daily life, including his labour and fare. In reply to my questions on this point he answered, in substance, as follows:—

At what hour do you go to work?—At six in the morning, generally, in summer; but I have gone much earlier. In winter time work begins at a later hour.

Do you breakfast at home?—When I do not go out very early I generally do.

Of what does your breakfast consist?—Principally of bread, and sometimes a little tea. Sometimes, too, we have a few potatoes boiled.

When do you dine?—About twelve.

Of what does your dinner consist?—On the Monday my wife gets a little flour and makes a pudding, which, with a few potatoes, forms my dinner. Sometimes we have a pudding on other days, but generally our dinner is bread and potatoes, with now and then a little cabbage. When the family is not large, there may be a bit of bacon left that has not been used on Sunday, but that is never the case with us.

You return to work again?—I do, and when I come home at night may have a little tea again, with the bread which forms my supper. The tea is never strong with us, but at night it is very weak.

Do your children get tea?—We have not enough for that.

What is their drink?—Water; sometimes we get them a little milk.

What is your own drink?—Water.

Do you never drink beer?—Never, but when it is given me; I can't afford to buy it.

When your dinner consists of bread, potatoes, and water, have you nothing to season it or make it palatable?—Nothing but a little salt butter; and we can only afford that when the bread or potatoes happen not to be very good, or when we are ailing, and our stomachs are a little dainty.

When your bread or potatoes are bad, or your stomachs are dainty, you take as a relish the butter which you said was scarcely fit to grease a wagon with?—We have nothing better to take.

Suppose you had nothing but bread to eat, how much would you require to sustain you at work in the course of a day?—Two pounds at least.

And how much would one of your children require?—About the same. A child, although not at work, will eat as much as a man; children are always growing, and always ready to eat, and one does not like to refuse food to them when they want it. I would sooner go without myself than stint my children, if I could help it.

Then, at the rate of two pounds a day for each, you would require for all about 126 lbs. for the week?—I suppose about that.

And, as you only get about sixty pounds of bread a week, you have to rely on your potatoes and cabbages, your half pound of bacon, and two ounces of tea, to make up for the sixty-six pounds which you cannot get?—We have nothing else to rely on.

Have you enough of these to afford you as much nourishment as there would be in sixty-six pounds of bread?—Not nearly enough.

Is what you have stated your manner of living from week to week?—It is when I have work.

And when you have not work, how is it with you?—In the winter months we have sometimes scarcely a bit to put in our mouths.

Such is the substance of the statement, as regards his own and his family's circumstances, made to me by a labouring man in the receipt of the average rate of wages for the last nine months in Wiltshire. Comment is scarcely needed, the facts speaking but too plainly for themselves. Had the family been smaller, or the wages a little higher, instead of a "taste," they might have had a meal of bacon once a week. But even then it would be but once a week, potatoes and bread still constituting the staple of their diet, and even these not being had by them in sufficient quantity. Besides, even if they had it more frequently, bacon is not the most nourishing food in the shape of butcher meat; it is fat, and goes to fat. The little lean that is in it is almost destroyed by the process of curing. But it is greasy, and soon satisfies. "It fills us sooner than any other kind of meat," was the reply given to me when I asked why they preferred it to beef? But the fault is that it does not fill them; it satiates, without filling them. Bulk is required as well as nutriment in food. The stomach has a mechanical as well as a chemical action to perform. A man could not live on cheese, nor could he exist on pills having in them the concentrated essence of beef. They buy bacon because it goes a longer way than other meat—in truth, they buy it because it soon cloys them. Nor is it always that they have even a "taste" of it once a week. I have seen several families who had not tasted butcher meat of any kind for weeks at a time. When French and English workmen came together during the construction of some of the French railways, it was found that the Englishman could perform far more work than his French competitor. This was universally attributed to the superiority of his diet, it being supposed but reasonable on all hands to expect more work from the man who fed on beef and porter than from him whose fare was bread and grapes. But the fare of the man who is expected by his labour to develope, year after year, the agricultural wealth of England, is, in a large proportion of cases, little better than bread and water—the fare of the condemned cell! Contrast the condition of the English farm labourer with that of the farm labourer in Canada. In England he eats butcher-meat once a week, and not always that; in Canada he has as much of it as he wants once, at least, and frequently twice a day. Contrast his condition even with that of the slave in the Southern States of America. In Virginia, the great slave State, it is seldom that a day passes without the slave eating butcher-meat of some kind or other. In addition to this, when he is old and infirm, he has a claim on his master for support. But the English labourer, if he has a family to sustain, has not, even during the days of his strength, when he can do, and does work, the same nutritious diet as the slave; while, when he is disabled, or loses his work, he must starve, or, as the alternative, become a vagrant, or the recipient of a formal and organized charity. In the words of one of themselves, "it is not a living, sir—it is a mere being we get;" by which he intended to convey that their reward for their toil was their being barely enabled to exist.

It may be said that the case put is an extreme one. It is the case, however, of nearly one-half of those who are dependent upon labour in the fields. But it may be said that I have omitted to take into account some little privileges which the labourer has, and which, when he avails himself of them, tend to enhance his comforts. He may keep a pig, for instance, and his employer will sometimes find him straw for it, which, in process of time, will serve as manure for his little garden. This looks very well on paper, but that is chiefly all. In the four counties under consideration the number of labourers keeping pigs is about one in twelve. It is also a striking illustration of the condition of the labourers, that even such of them as do feed a pig seldom participate in the eating of it. Then we hear a great deal about the coal and clothing clubs, to which I shall hereafter more particularly advert, and the chief merit of which is that they tend to render life not pleasant, but barely tolerable to the poor."

The sleeping accommodations are thus described :—

"These are above, and are gained by means of a few greasy and rickety steps, which lead through a species of hatchway in the ceiling. Yes, there is but one room, and yet we counted nine in the family! And such a room! The small window in the roof admits just light enough to enable you to discern its character and dimensions. The rafters, which are all exposed, spring from the very floor, so that it is only in the very centre of the apartment that you have any chance of standing erect. The thatch oozes through the wood-work which supports it, the whole being begrimed with smoke and dust, and replete with vermin. There are no cobwebs, for the spider only spreads his net where flies are likely to be caught. You look in vain for a bedstead; there is none in the room. But there are their beds, lying side by side on the floor, almost in contact

with each other, and occupying nearly the whole length of the apartment. The beds are large sacks, filled with the chaff of oats, which the labourer sometimes gets and at others purchases from his employer. The chaff of wheat and barley is used on the farm for other purposes. The bed next the hatchway is that of the father and mother, with whom sleeps the infant, born but a few months ago in this very room. In the other beds sleep the children, the boys and girls together. The eldest girl is in her twelfth year, the eldest boy having nearly completed his eleventh; and they are likely to remain for years yet in the circumstances in which we now find them. With the exception of the youngest children, the family retire to rest about the same hour, generally undressing below, and then ascending and crawling over each other to their respective resting-places for the night. There are two blankets on the bed occupied by the parents, the others being covered with a very heterogeneous assemblage of materials. It not unfrequently happens that the clothes worn by the parents in the day time form the chief part of the covering of the children by night. Such is the dormitory in which, lying side by side, the nine whom we have just left below at their wretched meal will pass the night. The sole ventilation is through the small aperture occupied by what is termed, by courtesy, a window. In other words, there is scarcely any ventilation at all. What a den in the hour of sickness or death! What a den, indeed, at any time! And yet when the sable goddess stretches forth her leaden sceptre over the soft downy couch in Mayfair, such are the circumstances in which, in our rural parishes, she leaves a portion of her slumbering domain.

Let it not be said that this picture is overdrawn, or that it is a concentration, for effect, into one point, of effects spread in reality over a large surface. As a type of the extreme of domiciliary wretchedness in the rural districts, it is underdrawn. The cottage in question has two rooms. Some have only one, with as great a number of inmates to occupy it. Some of them, again, have three or four rooms, with a family occupying each room; the families so circumstanced amounting each, in some cases, to nine or ten individuals. In some cottages, too, a lodger is accommodated, who occupies the same apartment as the family. Such, fortunately, is not the condition of all the labourers in the agricultural districts; but it is the condition of a very great number of Englishmen—not in the backwoods of a remote settlement, but in the heart of Anglo-Saxon civilization, in the year of grace 1849."

Bad, however, as is all this, it is likely to be worse. Everywhere, notices are being given of a reduction of wages, and diminution in the number of persons to be employed. There is scarcely, says the writer, a district in any of these counties "where the work of reducing wages has not already commenced." In one of them, as early as last June, there was a reduction from 8*s.* to 7*s.*, and "apprehensions are everywhere entertained that they will be reduced to 6*s.* = $1·44." "Is it any wonder," he adds, "that, with such a prospect before them, the agricultural labourers should brood over their circumstances with the ominous sullenness of despair? What is that prospect? The winter is approaching—the season when most is required by us all to administer to our comforts. They are entering upon that season with here 8*s.*, there 6*s.*, and there again but 5*s.* a week for the support of their families. How far will these pitiful portions go in households of five, six, seven, eight, nine, or ten individuals? We cannot, in estimating a labourer's comforts at any given time, apply to them the test of his average wages. It is his wages for the time being that decide the measure of his condition. Had he at any time more than was necessary to carry him and his family up to the line of comfort, he might lay by the surplus for adverse times. But he never has what secures him perfect comfort, and is always more than tempted to spend all he gets. He therefore commences this winter, as he does every winter, without any reserve-fund to fall back upon; and the fact is appalling that, in this month of October, thousands of families in the very heart of England have no better prospect before them than that of living on 8*s.*, 6*s.*, and even 5*s.* a week, in their cold, damp, cheerless, and unhealthy homes."

The Canadian farmer is invited to contend in the market of England with the serf of Russia for the privilege of supplying with food men to whom a

morsel of bacon on a Sunday is a luxury, when by the simple process of annexation and protection he could bring to his side the same men and convert them into large and valuable customers. The planter is invited to contend in the market of England for the privilege of clothing men who want means to buy bread, when by an exercise of his will he could bring to his side, annually, millions of the same men, each of whom would then require twenty pounds a year, two millions consuming half as much as was consumed in 1847 by almost thirty millions of the people of England and Wales.

The system of England demands that with such people as these we shall establish a community of goods. Were it allowed free play—were the people of the world to establish what is called free trade, and thus unite their efforts for the maintenance of *the monopoly system*, wages universally would fall to the level of those of the poorest countries of the world, for with every step those of England would, of necessity, fall, because they must be kept at that point which would enable her people to underwork the world, and the tendency everywhere would be, as it has been in Ireland and India, downward. The adoption of perfect free trade by this country would, for a short time, produce some activity there, but a very short period would prove that we bought far less under free trade than we had done with protection, and in the mean time the disproportion of the English population would have largely increased, and the difficulty would be then far greater than it is now, great even as it is. We now *pay for* far less merchandise than we did three years since, and were it not that we are still able to buy on credit, we should make smaller demands on England than we have done at any period since 1842. The greater the amount of capital thus lent to us, the lower must fall the condition of the English labourer. Every step now being made by England is a step downwards, and if we would not have our labourers reduced to a level with hers we must, by protection, endeavour to raise hers to a level with ours, as it will do by relieving us from the necessity for *dependence* upon commerce with a people whose labour is lower in the scale than our own. It tends to raise the value of man abroad and at home, and to enable all to obtain *more* food, fuel, and clothing with *less* labour. Under it immigration has always increased, and it has declined with its diminution. That it must tend to raise wages abroad is obvious from the fact that so many hundreds of thousands of the population of Europe, held to be surplus, have sought our shores, thus diminishing the quantity of labour seeking there to be employed.

With the approach to what is called freedom of trade, that system which tends to the maintenance of the monopoly of machinery in England, the value of labour here is falling towards the level of that of England. The present diminished production of coal and iron is maintained only by aid of a great diminution of wages. Labour is becoming surplus, and immigration is already falling off. This year will show a large diminution therein, and every step in that direction must be attended with a rise of freights tending to diminish the power to export either food or cotton. With the diminution of wages at the North, there is already a diminished power to consume either food or clothing, with increase in the surplus that is to be sent. Thus the same measures that increase the *necessity* for depending on machinery of transportation diminish the *power* to obtain it, to the deterioration of the condition of the whole body of the people, labourers and capitalists, farmers and planters, manufacturers and ship-owners; and the same which tend to diminish our necessities for depending thereon, tend to increase our power to obtain it, to diminish the burden now pressing upon the land-owners and labourers of Europe, and to bring about that state of things which shall give to us and them perfect freedom of trade. The harmony of all interests, whether individual or national, becomes more and more obvious the more the subject is examined.

It may not be uninstructive to review the last few years, with special reference to the discords that have occasionally been seen to exist between the employers and the employed, accompanied by strikes, combinations, &c., with a view to show their cause.

It is within the recollection of most of my readers that the years from 1836 to 1839 were distinguished for disturbances of this kind. The cause is obvious. Production was diminishing, and the labourer found himself unable to obtain the quantity of food, fuel, and clothing to which he had been accustomed. He desired a rise of money-wages to meet the rise in the price of food, but the employer could not give it, and hence arose combinations for the purpose of compelling him to do so.

From 1844 to 1848, harmony was restored, because production increased, and the labourer found that each year enabled him to obtain more food and clothing, and better shelter, with the same labour.

The last year has been marked by a succession of combinations. In the coal region of Pennsylvania, at Pittsburgh, Lowell, and various other places, there have been strikes and turn-outs, some of them long-continued; and everywhere there have been clamours for the passage of laws restricting the hours of labour; but those who thus clamoured desired that wages should remain as they were. These things all result from the one great fact that the productiveness of labour is diminishing, and that wages are tending towards the European level.

To that cause was due the jealousy of foreigners which gave rise to the "native" party. In 1842, employment was almost unattainable, and the native workmen were indisposed to divide with strangers the little that was to be had. With the increased productiveness of labour wages rose, and the "native" party almost died out, while the import of foreigners was quadrupled. If the system of 1846 be continued, the same jealousy will re-appear, and foreigners will be proscribed, while immigration will be diminished.

It is to the interest of the native workmen that the wages of Europe should be brought up to a level with our own, and the only way in which that can be accomplished is for us to pursue a course that shall tend to render it the interest of every man in Europe that can find means to pay his passage to endeavour to reach our shores. Every one that comes will be a producer of something, and every one therefore a customer to others for their products. Look where we may, there is the most perfect harmony of interest.

CHAPTER SIXTEENTH.

HOW PROTECTION AFFECTS THE SLAVE AND HIS MASTER.

PROTECTION tends to increase the productiveness of labour. Many of the labourers of the Union are held as slaves, and protection must tend to render their labour more valuable to their owners, who may, therefore, be rendered less disposed to part with them. If such were likely to be the fact, protection would tend to perpetuate slavery, and all who were opposed to its continuance should advocate free trade.

By all English writers, and by many among ourselves, it is held that the way to terminate the existence of slavery is to destroy the value of slave-labour. With that view the British government is urged to prohibit slave-grown sugar, and to encourage the extension of the cotton culture in India—the wretched Hindoo, who labours a whole month for two rupees, (one dollar,) out of which he feeds and clothes himself, being held to be a freer man than the well-fed, well-clothed, and well-lodged labourer of Virginia or Kentucky.

Throughout the world, men have become free as wealth and population

have grown, and as land has increased in value. In the early days of Rome, when Latium was filled with prosperous cities, land was valuable, and men were free. With the gradual depopulation of Italy, land lost its value, and large masses accumulated in the hands of great proprietors surrounded by slaves. So was it in Attica. In the days of Solon, land was valuable and men wore free. In those of Herodes Atticus, land was valueless and men were slaves. The richest lands of India have been abandoned and are now jungle, and the descendants of the little village proprietors of the last century now sell themselves to slavery in Jamaica and Demerara. In Russia, land has no value. The value of a property is estimated by the number of its serfs. In Belgium, land has great value, and the people are the freest in Europe. With the gradual increase in the value of land in England, men became more free, whereas with every step tending to increase dependence on Poland and Russia for food, land is becoming less valuable, labourers are becoming more and more the inhabitants of parish work-houses and the slaves of parish beadles, and landowners are becoming more and more anxious to expel the population that would otherwise give value to the land. The land of Ireland has almost lost its value, and the labourer of Ireland has become a slave to the caprices of masters who regard him as an encumbrance to be gotten rid of by any process, however cruel.

Increase in the value of land tends towards freedom; decrease tends towards slavery. If protection tends to add value to land, it tends to the promotion of freedom; if it tends to diminish its value, it tends to the maintenance of slavery.

The least valuable land is that in which men are most rare; the most valuable is that in which they most abound. The cause of the difference between the two is to be found in the difference in the labour required for the performance of exchanges. The hills of Limburg, the poorest part of Belgium, rent for from six to eight dollars; and for flax land in Flanders, ten to twelve dollars per acre is a common rent; while cotton-producing land of the highest quality may here be had, *in fee*, for *one-eighth* of the latter sum. The one has a market on the land, and the other has not; and in this single and simple fact may be found nearly the whole reason for this enormous disproportion.

The man who lives in Arkansas has to employ numerous men, horses, steamboats, ships, and warehouses, in the performance of every exchange, and the consequence is, that he receives for the produce of his land little more than compensation for his labour, and his land has scarcely any value. He can raise for market little else than cotton, of which the earth yields but little, for which reason it commands a price that will enable it to bear transportation. His surplus corn is almost valueless; while to attempt to raise for market potatoes or turnips, of which the earth yields by hundreds of bushels to the acre, would be ruinous.

The man who lives near New York exchanges directly with the consumer of his products and the producers of the commodities that he desires to consume. He can raise potatoes, turnips, and cabbages, bulky articles; or strawberries and raspberries, delicate ones—none of which will bear transportation. He sells his milk, and is not compelled to convert it into butter or cheese. He is not required to convert his corn into pork, with a view to diminishing its bulk and enabling it to go to market. His products are all consumed near him, and he can readily return to the land the refuse, increasing its productive power from year to year. The amount yielded is far more than wages for his labour, and the whole surplus is the rent he derives from his land, fifteen or twenty years purchase of which is its market value.

That value is three, four, five, or six hundred dollars per acre, while land in Arkansas is now offered in free gift to those who will come and pay the taxes. The sole cause of the difference is, that the owner of the one exchanges directly with the men who make hats and coats, shoes and stockings, ploughs and harrows, and the other does not. To make the land of Arkansas as valuable as that near New York, it would be necessary that its owner should exchange for hats and shoes, ploughs and harrows, as freely as does the man of New York; that is, he must make a market on the land for the products of the land. The return to labour would then be large, and the value of man would rise; but all that was returned over and above the wages of the labourer would be rent, and the value of land would rise. Men would then become free; first, because the cost of raising a slave would be far more than he was worth when raised; and, second, because the land would be too valuable to be cultivated by slaves.

The man of Wisconsin can afford to raise hogs, because corn is but twenty cents a bushel. The man near New York cannot, because corn is worth sixty cents. The man of Arkansas can afford to raise slaves, because they are worth as much as they cost to raise. The man near New York could not, because they would cost him more than their services would repay. Had Arkansas a market on the land for all the products of the land, hired labour would be found so much cheaper that no man would desire to raise a slave.

The man who owns valuable machinery cannot afford to employ poor labour. The interest on his factory is as great if the looms produce but twenty-five yards per day as if they produced fifty. With the former quantity he would be ruined. With the latter he would grow rich. The slave will give him the one—the freeman the other. To make the slave work like the freeman, he must have an inducement—that is, he must receive wages.

Were a large landholder near New York offered the services of men, their wives and families, on the same terms as the planter has those of his slaves—to feed, clothe and lodge them—he could not profitably accept them; and yet the money-price of such labour is at least *twice* as great as at the South. The price of their food, however, would be *thrice* as great, and they would require more clothing, and their children must be educated; and to obtain all these things there would be needed the exertion of the man working for himself, and the economy of one who looked to the future for himself and his family. Were such an offer accepted, the party accepting would speedily find that his people produced less and wasted more than those of his neighbours, and that the rent of his land was diminished by the arrangement.

Place in the Southern States machinery for converting into cloth half a million of bales of cotton, and for producing half a million of tons of bar-iron, and there would be created a great demand for labour. The facility of obtaining iron in exchange for corn and cotton would cause the making of thousands of miles of railroad, and here would be a new demand for labour. The mills, the furnaces, and the roads would bring towns, filled with tailors, shoemakers, hatters, blacksmiths, makers of ploughs and harrows, looms, spindles, and steam-engines, and here would be a new and large demand for labour, while the number of labourers would not be increased. It would then become necessary to economize labour because of its increased value. How could it be done? The slave would do no more than his accustomed work, without an inducement, and that is to be found in wages. The increased product of his labour would thenceforth go to himself.

Large crops would then be obtained in lieu of small ones, and one hundred bushels of corn, or one hundred pounds of cotton would then buy more cloth or iron than now are obtained for three. The increased value of crops would raise the price of land, and if that should average but ten

dollars per acre over the South, it would amount to four thousand millions of dollars, and thus would the planters be made rich.

Here, then, are two commodities, man and land, both increasing in value, but the increase in the one goes to the man himself, while that of the other goes to the owner. What would be the effect of this on their market value? Where property is steadily growing in value, it sells for twenty, thirty, and even more years' purchase of its rent. Such would be the case with land.

When property is decreasing in value, it sells for six, eight, or ten years' purchase of the rent that can be commanded for its use. Such would be the case with the slave. With the increased productiveness of his labour he would be obtaining for himself an increased *proportion*, leaving a diminished one to his owner, and thus would the value of the slave be transferred to the land.

To raise a slave would then become too costly. What then would become of the children? The *parents*, everywhere, make sacrifices for their offspring, and by them alone can children be raised, where land is valuable. To induce those sacrifices they must know that they are working for *their own* children, and not for *their master's* slaves.

With increase in the value comes the division of land. Great plantations would become small ones, each of which would yield more than is now yielded by the whole. Small farms would come, cultivated by negro tenants, and thus step by step would men, their wives and children, become free, as their late owners were becoming rich.

To accomplish both these objects it is necessary that the people of the South should have mills and furnaces to make a market on the land for the products of the land. Those they cannot have without protection against the monopoly system by which they are now being exhausted. The abolitionist and the slaveholder should then unite in the demand for the adoption of measures tending to the abolition of the English monopoly of machinery.

The former would, however, say that the process would be too slow. On the contrary, it would be most rapid. Had the tariff of 1828 continued in existence to the present time, the lands of the South would now be trebled in value, and the slaves of the South would now be far advanced towards freedom.

The latter would say that they would lose their property. The answer would be that for every dollar of diminished value in man, they would have five, or ten, or twenty in the increased value of land. It would be precisely as land became valuable that man would become free.

The Union is now agitated by the question whether or not slavery shall be carried beyond its present limits. The agitators are determined to force the Wilmot proviso upon the South, and the people of the latter declare that they will dissolve the Union rather than submit to it. Neither is disposed to penetrate below the surface to understand the cause of difficulty.

If a demand for labour existed in the Slave States, consequent upon making a market on the land for its products, the necessity for *emigration* would pass away, and *immigration* would begin. The people of the South would not then desire to go to California, nor would those of the North deem it necessary to pass laws to prevent them from so doing. All the discord between the different portions of the Union results from the existence of the colonial system, which it is the object of protection to terminate, and thereby raise the value of land and of man, black or white, throughout the world.

This question has thus far been looked at as one of dollars and cents merely, and such is the light in which it should be examined. When it can be shown to be the *interest* of a body of men to pursue a certain course, we may safely calculate upon its being pursued by a large portion of them; but

when we confine ourselves to showing that it is their *duty*, and that in the performance of that duty they must neglect their interests, we may as safely calculate that very few will follow in the course thus indicated. The agitators of the North would impair the value of property and destroy the peace of the South, while deteriorating the condition of the objects of their sympathy, and all this they would do that *others* might be compelled to perform their duties. It is time that the reasonable men, North and South, should understand each other, and determine to adopt the course that would give value to labour and land, and thus relieve themselves from the dangers incident to the agitation of men who would destroy the value of both.

With every step of improvement in the value of land, there would come improvement in the physical and moral condition of its owner. Throughout the South, there is even now a growing indisposition to hold men in slavery; but how rapidly and widely would that feeling extend itself were the owners of land and of slaves to feel themselves growing richer instead of poorer, as is now the case. The cause of emancipation has been going backwards for the last twenty years, and those who desire to know why it is so have only to look to the fact, that, in 1845–6, 600,000,000 of pounds of cotton would not bring as much iron to the plantation as 100,000,000 would have done thirty years before, or 275,000,000 only a dozen years before.* The consequence has been a growing tendency to the abandonment of land, and an increased regard for that species of property which was capable of being transferred, which land was not. Harassed and annoyed by abolitionists on the one hand, and on the other by a constant deterioration in the value of the only crop upon which he has been accustomed to depend, and compelled to change from that to sugar or to wheat, it is no matter of surprise that there should have been produced the state of feverish excitement now witnessed everywhere in the planting States, and which must increase unless the loom can be brought to take its place by the side of the cotton.

It is a common impression, that the people of South Carolina have exhausted their rich lands, and that they are moving away from poor ones, yet nothing can be more erroneous. They commenced upon poor soils, as has been done in every country of the world, and they are now flying from meadow-lands capable of yielding the finest artificial grasses, of which they have millions of acres untouched; from river bottoms uncleared, from swamps undrained, and from marl, and lime, and iron ore, all of which exist in almost unlimited quantity. Nature has done for that State every thing that could be done; but man has, as yet, done nothing but exhaust the poor soils upon which the work of cultivation was first commenced, and therefore it is that their agricultural reports, and their newspapers repeat, year after year, the question, "What shall the cotton planters do?"

"This," says the editor of the South Carolinian, "is a question daily asked by our planting friends. There seems," he continues, "at present great solicitude as to the policy which is to be pursued by them in pitching their next crop. We hear the cry of less cotton and more grain ringing from one end of the State to the other. We are not surprised that many planters who plant heavily should say their present crop will bring them in debt if the ruinous prices continue much longer. No planter can make both ends meet who receives only four or five cents for his cotton, and has to pay the present exorbitant prices for bagging, bale rope, pork, mules, sugar, coffee, salt, and iron. Mules are high, pork is high, bagging and rope are up to the prices of the twelve and fifteen cent times of cotton, and sugar, coffee, iron, and salt steadily stand at the old rates. If to expenditures for these necessary articles, the planter has to add his negro clothes, shoes, hats, and blankets, he will have nothing left to remunerate him for his labour.

* See page 58, *ante*.

These are really matters which they should ponder over, and a system of planting, which does not repay for the labour and investment of capital engaged in it, we reasonably think would soon be abandoned. But it will not be. Our planters are taught no other systems; they do not know how they will supply the vacuum which would be made by an immediate abandonment of the cotton crop. It would take several years before they could perfect, with the strictest economy, those arrangements which would render them entirely independent of it as a marketable crop. Therefore the step taken should be wisely considered before adopted, and the utmost caution should be observed in making, what we sincerely believe would be, if once begun, a radical change in our system of agriculture. We therefore advise, for the coming year, a reduction simply of one-third of the cotton crop throughout the State—devoting, at the same time, the land thus thrown out of the cultivation of this crop to the production of grain and the increase of labour, which would thus be given, to the proper manuring and improved tillage of the cotton planted and the general improvement of the plantation. By this process the cotton lands would be increased in fertility, and the increase of grain which would follow would greatly facilitate the rearing of mules, hogs, cattle, and sheep; and in a short time the whole State could render itself independent of the exactions of our Kentucky neighbours, who kindly supply us with all such things, simply at the expense of the prosperity of our agricultural population; for, in practice, they annually sweep the country of all the surplus cash which is afloat in payment for their bacon and mules. We would, if this system were adopted, soon be able to produce as much cotton on fifty acres as we do now on one hundred; and the investment of the agricultural profits of the State at home, although they might be small, would have a wonderful influence on general prosperity, and build facilities throughout our now desolate and almost unapproachable State, which would not only enchain our own sons to her borders, but induce capitalists to come into our midst, to make their dollars tell by learning us a lesson of practical enterprise. We say to the planters, raise less cotton, more grain, more mules, more hogs; make your own negro clothes; raise sheep—make your own blankets; erect tan-yards—encourage shoemakers and hatters; in fact, artisans of all kinds to settle permanently amongst you; labour at making your soil rich, and do not devote all your energies to wearing it out, and soon all things will go well with you. You will not make so many bales of cotton; in fact, may not cut such a swell on your factors' books; but, take our word for it, you will have happier slaves, richer lands, more thrift and fewer debts, and sleepless thoughts, to harass your hours of rest."

It is impossible to read this without being struck with the fact, that, while, from the exhaustion of her original poor soils, and her inability to clear and drain rich ones, that State is unable to produce cotton in competition with her neighbours, she is a large importer of other agricultural produce. Her chief city is supplied with hay from the North, notwithstanding her abundance of rich meadow land. She consumes the pork of Ohio, and she uses the mules of Kentucky; and thus, while selling her products at the low price that is necessarily consequent upon her distance from the place at which her food and cotton are to be converted into cloth, she buys of others food, mules, &c., at the highest price, because of her distance from the place of production. She wastes labour and manure upon the road, and is then surprised at the exhaustion that results necessarily from such a course of policy.

The remedy for all this may, it is supposed, be found, first, in diminishing the quantity of cotton; but that is already diminishing so rapidly that the great cause of apprehension throughout the State seems to be that its cultivation must soon cease, because of inability to produce it. She desires to diminish the supply of cotton, while her people are flying from her to seek the west, there *to produce more cotton*. Second, the lands are to be manured, but we are not told from whence the manure is to come. The State has scarcely any consumers of agricultural produce except those who are engaged in its production, and their consumption yields but little manure. Her horses are always on the road, wasting the manure yielded by her hay and her corn, and her rice and cotton are consumed abroad, the consequence of

which is, that of what is yielded by the land nothing goes back, and the land and its owner become impoverished together. Her population diminishes. Everybody is seeking to find elsewhere a better place for employing his capital and his labour. Under such circumstances it is useless to talk about artificial manures, and her swamps and river bottoms, in which manure has for ages accumulated, will not pay the cost of clearing for the raising of three or four hundred pounds of cotton to the acre. Give her a consuming population that will make a market on the ground for the tons of potatoes, and turnips, and hay, and the milk, and the veal, that will be yielded by rich soils, and the State will become one of the richest of the Union. It is population that makes food come from the rich soils, as we see to be the case in Belgium, and England, and New England; and it is depopulation that drives men back to the poorer ones, as is shown in Ireland, India, South Carolina, and Virginia. The people of Ireland are flying from each other as if from pestilence, and yet that unfortunate island, in which men are restricted almost entirely to the cultivation of the land, offers us now the chief European market for our surplus food, while South Carolina, destitute of consumers, is one of the principal markets of populous Ohio for her surplus products. Whenever the former shall begin to consume on the land the products of the land, she will have manure to keep in cultivation her poor soils, and she will acquire ability to clear and drain the rich ones, and then she may export hay instead of importing it. Ireland, like South Carolina, abounds in rich soils untouched. She has millions of acres of bog that could be drained with far less labour, and at far less cost, than have been required for similar lands in England, and it is estimated that three millions of these acres would afford food for six millions of people; but, also, like South Carolina, she is compelled to waste on the road the labour and manure yielded by the poorer soils now in cultivation, and is thereby rendered too poor to clear and drain the rich ones, which never have paid, and never can pay, the cost of preparation, without the presence of a consuming population requiring the potatoes, and the turnips, and the hay, of which the earth yields by tons, and not by pounds or bushels.

Had the people of the Southern States, during the last twenty years, been making for themselves, out of their own coal, ore, and limestone, an average of only 250,000 tons of iron, the quantity made in that time would have been five millions of tons, all of which would now be there in the various forms of agricultural and manufacturing machinery, railroads, cars, and locomotives, and they would now be adding to the quantity at the rate of half a million of tons annually.

Fifty thousand tons of iron would make almost 500 miles of single track road. Let us suppose that they averaged annually but half that quantity, and had now, as they might easily have, 5000 miles of road running through populous manufacturing villages in which they were converting their cotton into cloth or yarn for the supply of the world, and then let us estimate what would be the increased value of the landed property of those States. An average annual product exceeding that of the present time to the extent of only *one dollar per acre* of the States south of Mason and Dixon's line, would represent a capital of *six thousand millions of dollars*, being perhaps five times the present value of their slave population, all of which would be at this moment on the highway towards freedom as their masters were making their way towards fortune.*

Instead of pursuing a course that would have enabled them to profit by the

* Emigration from the rich lands of the older States of the South would then cease, and immigration would begin, and thenceforth the increase in the value of land would be immense.

magnificence of their position, the planters have allowed themselves to be taxed for the maintenance of the people of England, who produce little themselves, and have therefore but very little to give in exchange for the vast mass of agricultural products they receive, the consequence of which is, that their customers are becoming poorer every day, and they themselves are fast passing towards a state of exhaustion similar to that they have produced in Ireland, India, the West Indies, and every other country that has been compelled to submit to their most unnatural system. A writer, describing the present position of affairs, says :—

"As a disinterested spectator of events, I assure you that during a residence of nearly ten years in England, I have not seen the different branches of trade in so disastrous a position as they are at present; and from the petty dealer to the wholesale tradesman, I have never heard so many complaints about the wretched state of trade, not only in the metropolis, but generally throughout the country. I place more confidence in the statements of a dozen respectable tradesmen than I do in 'trade circulars,' which are usually got up to serve certain interests, or to cover the real truth, and incite speculation. If I were to give an impartial opinion, I should unhesitatingly say that the repeal of the corn-laws, the repeal of the navigation laws and the railway mania, have together produced the present panic—for it is useless to say that there is not a panic; the leading men of nearly every class declare it by their looks, their words, and their actions.

"The parish of St. Clement's Danes, one of the richest parishes of the metropolis, where I am now residing, shows the real condition of the general trades-people of London. The Church-warden of this parish recently informed me that *three* applications had been made to the parishioners for the amount of their poor rates and other taxes, and not more than one in twenty had paid their bills, and he intended to issue summonses against the delinquents. He also remarked, that during a residence of eighteen years in this parish, he had never known trade to be so dull as it is now."

What prospect there is of improvement may be gathered from the following extract from a journal that is the highest free-trade authority in England :—

"We may not unreasonably fear, therefore, that, so far as Ireland is concerned, a considerable source of the progressive increase of the population and wealth of the empire is much diminished, if not absolutely dried up. Other sources of increase have, at the same time, been opened to us; but whether these will balance, or more than balance, the loss occasioned by the condition of Ireland is more than we can say. For many years the condition of the population there was gradually deteriorating, while their numbers increased; that terrible process has at length reached its climax, and the present generation has to sustain the deteriorated, and we fear demoralized mass, without any immediate hope of their being restored to habits of productive industry. It seems right to put all classes at once on their guard, lest the decrease of population noticed in the last quarter, may, from the causes we have mentioned, be an index to a permanently slower increase in population than has hitherto taken place."—*Economist* (*London.*)

With such a state of things the consumption of our products cannot increase. The question to be answered is, "Can it even be maintained?" Whenever population diminishes in its ratio of growth, it is an evidence of a deterioration of condition, and when that is going on, the first effect is felt in the diminished demand for clothing, for food is the want that must be first supplied.

Let it but be known that the people of this country, North, South, East, and West, are *determined* that the seat of the cotton and iron manufactures of the world is to be here, and the transfer of men and machinery will be such as to exceed all present calculation, and every man that comes will consume three, four, five, six, or twelve times as much cotton as at present, while taking all his food from our own farmers, who then will consume three pounds where now they consume but one. The remedy for all the grievances of the planters is in their own hands, and it lies in the pursuance of a policy advocated by the fathers of the Revolution, and by every chief magistrate of

the Union, from Washington to Jackson, and of all of them but two were from south of Mason and Dixon's line, and all but those two elected by the same party that now repudiates protection.

Of all the chapters in the history of the people of this Union, the most honourable to them, as I believe, is that in which is recorded the history of the negro race. The three hundred thousand barbarians imported into this country are now represented by almost four millions of people, far advanced towards civilization and freedom, and to that number they have grown because they have been well fed, well clothed, well sheltered, and reasonably worked. It is a case totally without a parallel in the world, the history of which may be challenged for the production of a body of men invested with so much power over their fellow-men as has been exercised by the people of the South, and using it so moderately as to permit so rapid an advance in numbers and so great an improvement of condition.

Nevertheless, they are unceasingly stigmatized as slave-drivers and negro-breeders, and by the nation which lives out of them, and which *of all the nations of Europe possessing colonies has most misused its power over the negro race*, because the only one which has established laws prohibiting the consumer and the producer from taking their places by each other. It was remarked many years since, by an intelligent English traveller,* that to the French islands men went to remain and to exercise trades, but to the English ones they went only to endeavour to make fortunes, and then return. So has it everywhere been, and what have been the results? In India, poverty the most extraordinary, and a succession of famines and pestilences without a parallel; in the West Indies, a waste of life equally unparalleled, requiring constant importations for the mere maintenance of their numbers. From 1817 to 1829, a period of twelve years, the slaves of Jamaica were reduced in numbers, *by death alone*, ten per cent.; whereas had they been here they would have increased thirty per cent. The number imported into that one island could not have been less than double that imported into this Union, and yet, while the larger number is at this day represented by *three hundred thousand*, the smaller is represented by *almost four millions*. The slave chapter of British history is as disgraceful as that of the Union is honourable.

That slavery even yet exists among us, is due to the monopoly system which has destroyed the value of land in Ireland, India, the West Indies, and all other of the British colonies, and yet the nation by which that system was instituted heads the crusade against slavery, while converting the freemen of Ireland and India into slaves, and denouncing the planters, at whose expense she lives, as unworthy to be received into the society of free-born Englishmen; and those very planters are united in the support of the system by which they are impoverished, and the people by whom they are thus denounced!

The following article on the position and prospects of the cotton trade, received at the moment that the above was in the press, so fully confirms the views given in a previous chapter, that I am induced, long as it is, to reprint it at full length. It is from the London *Economist*,† the highest free-trade authority in Europe:

"The quarters whence Great Britain draws her supply of raw cotton may be classed under five divisions:—North America, Brazil, Egypt, India, and Miscellaneous Countries, chiefly our own colonies. On the increase of production in these lands, and on the proportion of that increase which is sent to this country, depends our capability of extending our cotton manufacture, or even of maintaining it at its present level. Let us therefore consider each of these sources of supply in turn, that we may be able to form a fair esti-

* Coleridge. Six Months in the West Indies. † Dec. 1, 1849.

mate of our expectations from each. North America, as the most important, we will leave to the last.

Brazil is the chief source whence we draw our supply of long-stapled cottons. Brazil has sent us as follows:

Brazil Cotton.

	Bales imported in five years.	Bales imported per annum.
1830—1834, inclusive	744,884	148,977
1835—1839 —	643,438	128,687
1840—1844 —	471,226	94,245
1845—1849 —	495,685	99,137

In this and the succeeding tables the imports for 1849 have been found by adding to the *known* imports for the first ten months, the quantity we have yet reason to expect, or that which ordinarily arrives in November and December.

From Brazil, therefore, our annual supply has diminished nearly 50,000 bales; or if we compare the two extreme years of the series, 1830 and 1848, the falling off is from 192,267 bales to 100,244, or 92,000 bales.

Egypt.—Our Egyptian supply, which is also long-stapled cotton, has ranged as follows:—

Egyptian Cotton.

	Bales imported in five years.	Bales imported per annum.
1830—1834, inclusive	99,899	19.899
1835—1839 —	173,031	34,606
1840—1844 —	207,913	41,583
1845—1849 —	224,579	44,918

The supply from Egypt, however, seems to have reached its maximum in 1845, in which year we received 81,344 bales. This year it does not reach half that amount Moreover, this country, from the peculiar circumstances of its government, is little to be relied upon,—the supply having varied from 40,290 bales in 1832 to 2,569 bales in 1833; and again from 18,245 bales in 1842, to 66,000 bales in 1844.

From Other Quarters, chiefly the West Indies, the supply has been:—

Miscellaneous.

	Bales imported in five years.	Bales imported per annum.
1830—1834, inclusive	68,873	13,775
1835—1839 —	161,369	32,274
1840—1844 —	117,887	23,577
1835—1849 —	44,833	8,966

East Indies.—Our supply from this quarter varies enormously, from 90,000 to 270,000 bales per annum, inasmuch as we only receive that proportion of the crop which our prices may divert from China or from internal consumption. Our imports thence have been as follows.

East India Cotton.

	Bales imported in five years.	Bales imported per annum.
1830—1834, inclusive	403,976	80,795
1835—1839 —	723,263	144,653
1840—1844 —	1,167,294	233,459
1845—1849 —	899,213	179,852

The summary of our supply from all these quarters combined is:—

Summary.

	Imports in five years.	Imports per annum.
1830—1834, inclusive	1,317,632	263,526
1835—1839 —	1,701,101	340,220
1840—1844 —	1,964,320	392,864
1845—1849 —	1,664,310	332,862

The result of this inquiry, then is, that our average annual supply from all quarters, *except the United States*, was in five years ending 1849 *less* by 7,358 bales than in the five years ending 1839, and *less* by 60,000 bales than in the five years ending 1844. Of this *diminished* supply, moreover, we have been exporting an *increasing* quantity, *viz*:—396,000 bales in the last five years, against 342,000 bales the previous five years.

UNITED STATES.—We may now turn our attention to our last and main source of supply, America, which has sent us:—

American Cotton.

	Imports in five years.	Imports per annum.
1830—1834, inclusive	3,241,958	648,391
1835—1839 —	4,308,610	861,722
1840—1844 —	5,802,829	1,160,566
1845—1849 —	6,188,144	1,237,619

The last five years, it should be observed, include the three largest crops ever known, one very deficient, and one rather so.

It is a known and admitted fact among those conversant with these matters, that a price of 4*d.* a lb. for middling uplands, laid down in Liverpool, leaves sufficient profit to the American planter to induce him to grow as much cotton as his negroes can gather; and that, therefore, as the average price has scarcely ever ranged so low as this for any great number of weeks, the *possible* increase of the crop of cotton will keep pace with the *actual* increase of the Negro population; and cannot do more. Now the negroes increase at a very regular rate of 3 per cent. per annum. If, therefore, these premises be correct, it will follow that the cotton crop of each year will surpass that of each preceding year of *equally favourable conditions* (*i. e.*, as to good planting and picking weather, late frosts, freedom from worms, inundations, &c.) by 3 per cent. Accordingly, we find this to have been pretty closely the case, as the following tables will show. The years 1840, 1843, and 1845, were very favourable years for the growth and gathering of cotton. Let us see what crop each of these years, calculated on the above bases (3 per cent. yearly increase,) would give for 1849, also a favourable year:—

	Actual crop.	No. of years.	Per cent.	Estimated crop of 1849.
1840	2,178,000	9	27	2,866,000
1843	2,379,000	6	18	2,807,220
1845	2,394,000	4	12	2,681,280
Average				2,784,833
Actual crop				2,730,000

From the following table it will be seen that, assuming the year 1838 as a starting point, the average increase of the American crop for the last 12 years has not quite reached 3 per cent.: and in fact wherein for any short series of years this rate has been exceeded, it has been attributable simply to an unusual run of favourable seasons

Year.	What the crop would have been with no extraordinary casualties, and increasing at the rate of 3 per cent. yearly.	Actual crop.	
1837—38	—	1,801,500	
1838—39	1,855,500	1,360,500	
1839—40	1,911,200	2,178,000	
1840—41	1,968,500	1,635,000	
1841—42	2,027,500	1,683,500	
1842—43	2,088,300	2,379,000	
1843—44	2,151,000	2,030,500	
1844—45	2,215,000	2,394,500	
1845—46	2,282,000	2,100,500	
1846—47	2,350,500	1,778,500	
1847—48	2,421,000	2,347,500	
1848—49	2,493,000	2,728,500	
1849—50	2,568,300	2,350,000	estimated
Average	2,194,400	2,080,500	

It is clear, then, that we shall be sufficiently near the mark for any practical conclusions, if we assume the average increase of the American cotton crop at 3 per cent. per annum, barring any *unusual* freedom from, or occurrence of, disasters, such as sometimes happen. Let us now inquire what proportion of this increase will fall to our share.

The consumption of the United States itself has been steadily on the advance, and now increases at an average annual rate of about 35,000 bales. It is now about 520,000 bales yearly. That of the continent now reaches (of American cotton) about 700,000 bales. America and the continent, therefore, require about 1,200,000 bales at present, and will require more each year. Moreover, they will always take precedence of Great

Britain, as their margin of profit is larger, and a small increase of price is of less consequence to their manufacturers than to ours, and checks consumption less. The following table will throw much light on this question:

5 Years.	Crop of American cotton.	Import of American cotton into Great Britain.	Export of American cotton from Great Britain.	American cotton retained for home consumption.
1840—44	9,905,638	5,802,829	295,600	5,507,229
1845—49	11,349,921	6,188,144	596,640	5,591,504
Increase	1,444,283	385,315	301,040	84,275

From this table it appears, that, while the *growth* of American cotton in the last five years exceeded that of the previous five by the unprecedented quantity of nearly one million and a half of bales, of this increase only 385,000 reached this country, *and of this we had to re-export more than three-fourths*, leaving an annual increase *available for home consumption* of only 17,000 bales. For any augmentation of consumption beyond this, we have been drawing on our stocks.

We will now bring into one view the *whole* supply and the *whole* consumption *of all kinds of cotton* in Great Britain during the last ten years:

Years.	Bales imported from all quarters.	Bales exported.	Retained for home consumption.	Supply for home consumpt'n annually.	Actual consumption annually.	Actual consumpt'n weekly.
1840—44	7,767,149	637,650	7,129,499	1,425,900	1,290,480	24,810
1845—49	7,852,454	992,850	6,859,604	1,371,920	1,477,360	28,410
Increase	85,305	355,200	. .	. .	186,880	3,600
Decrease	. . . .	. .	269,895	53,980		

We have taken the actual consumption of 1849 at 1,650,000 bales only, for reasons hereafter stated.

Now, *bearing in mind that the figures in the above tables are, with scarcely an exception, ascertained facts, and not estimates*, let us sum the conclusions to which they have conducted us; conclusions sufficient, if not to alarm us, yet certainly to create much uneasiness, and to suggest great caution on the part of all concerned, directly or indirectly, in the great manufacture of England.

1. That our supply of cotton from miscellaneous quarters (*excluding* the United States) has for many years been decidedly, though irregularly, *decreasing*.

2. That our supply of cotton *from all quarters*, (including the United States,) available for home consumption, has of late years been falling off at the rate of 1,000 bales a week, while our consumption has been increasing during the same period at the rate of 3,600 bales a week.

3. That the United States is the only country where the growth of cotton is on the increase; and that there even the increase does not on an average exceed 3 per cent., or 80,000 bales annually, which is barely sufficient to supply the increasing demand for its own consumption, and for the continent of Europe.

4. That no stimulus of price can materially augment this annual increase, as the planters always grow as much cotton as the negro population can pick.

5. That, consequently, if the cotton manufacture of Great Britain is to increase at all, *on its present footing*, it can only be enabled to do so by applying a great stimulus to the growth of cotton in *other* countries adapted for the culture.

Within the memory of many now living, a great change has taken place in the countries from which our main bulk of cotton is procured. In the infancy of the manufacture, our chief supply came from the Mediterranean, especially from Smyrna and Malta. Neither of the places now sends us more than a few chance bags occasionally. In the last century, the West Indies were our principal source; in the year 1786, out of 20,000,000 lbs. imported, 5,000,000 came from Smyrna, and the rest from the West Indies; in 1848, the West Indies sent us only about 1,300 bales; in 1781, Brazil began to send us cotton, and the supply thence continued to increase, though irregularly, till 1830, since which time it has fallen off to one-half. About 1822, Egyptian cotton began to come in considerable quantities, its cultivation having been introduced into that country two years before. The import exceeded 80,000 bales in 1845; the average of the last three years has not been a third of that quantity. Cotton has always been grown largely in Hindostan; but it did not send much to England till about thirty years ago. In the five years ending 1824, the yearly average import was 33,500 bales; in 1841, it reached 274,000, and may now be roughly estimated at 200,000 bales a year.

Now, what is the reason why these countries, after having at one time produced so largely and so well, should have ceased or curtailed their growth within recent years? It is clearly a question of price. Let us consider a few of the cases:

At the close of the years	Lowest price of Pernambuco.	Fall per. ct.	Lowest price of Maranham.	Fall per ct.	Lowest price of Egyptian.	Fall per ct.	Lowest price of Surat.	Fall per cent.
1836—39 inclusive	9½d.	—	8¼d.	—	10¼d.	—	4⅝d.	—
1840—43 . .	7	—	5⅝	—	7	—	3½	—
1844—48 . .	5⅞	36	4⅞	42	5⅞	43	2¾	40

Here, surely, may be read the explanation of the deplorable falling off in our miscellaneous supply. From the four years ending 1839, when the great stimulus was given which procured us so ample a supply during the succeeding period, to the quinquennial period ending 1848, there has been a fall in price, on an average, of 40 per cent. Unless, therefore, we assume either an enormous margin of profit in the earlier period, or an extreme diminution in the cost of producing the article of late years, such a fall in price would be quite sufficient to direct capital and industry into other channels, and to prevent so bulky an article as cotton from being grown or forwarded.

In both Brazil and India, freight and carriage form an inordinate proportion of the price of cotton. In both countries the bales are carried great distances on the backs of mules or other beasts of burden. The deficiency of good roads, convenient vehicles, and safely navigable rivers, in the cotton districts of both countries, swells the expense of bringing the bales to the shipping ports to such an extent, that, when prices are low in England, the ultimate net remittance to the planter is quite insufficient to repay the cost of growing, picking, and packing. In some years, the price of much of the Surat cotton sent to this country was so low as only to remit *one penny* a pound to the shipper at Bombay; and by the time this reached the actual grower, it had probably dwindled away, through the expenses of carriage, to a sum inadequate even to pay the government rent. Our supply from both these countries will depend entirely upon price. In Brazil, where we believe the sugar cultivation is less profitable than formerly, a range of prices 50 per cent. higher than those of the last few years would probably induce the planters to increase their cotton grounds, and would repay them for so doing. In regard to the East Indies, where large quantities are always grown, our supply thence depends upon two things—first, the demand for China, which is usually supplied before Great Britain; and, secondly, on the question whether the net price at Bombay or Madras will pay for picking, cleaning, packing, and transporting to the coast. Under the stimulus of high prices, (such as prevail at this moment,) large quantities, would, we doubt not, be sent forward; and the price that will be requisite to secure such large supplies will diminish as the means of carriage are increased and cheapened. If the prices of the last five years continue, we believe there can be no doubt that the supply will inevitably continue to fall off.

We do not, however, participate in the sanguine expectations which many parties entertain, that even with higher prices the quantity and quality of East Indian cotton sent to this country can progress so rapidly as to render us at all independent of the American supply. For, in the first place, the absence of good roads or navigable rivers in the cotton districts, the length of time and expenditure of capital needed before the want of those can be supplied by the establishment of railroads, and the languid and unenterprising character of the people, must necessarily cause any material increase of supply (at least over 250,000 bales per annum) to be a matter of very slow and costly operation. And, in the second place, the *quality* of the cotton grown in India is peculiar; and this peculiarity is still traceable, though in a modified degree, in whatever locality and from whatever seed the plant is grown, even in the best specimens (improved as they unquestionably are) which have of late been sent to this country; and this peculiarity will always, we fear, prevent it from being substitutable for American cotton, except to a very limited extent.

Our hopes lie in a very different direction; we look to our West Indian, African, and Australian colonies, as the quarters from which, would government only afford every *possible* facility, (we ask and wish for no more,) we might, ere long, draw such a supply of cotton as would, to say the least, make the fluctuations of the American crop, and the varying proportion of it which falls to our share, of far less consequence to our prosperity than they now are.

The West Indies, as we have already seen, used to send us, sixty years ago, about 40,000 bales, or three-fourths of our then supply. But the enormous profits realized on

the growth of sugar, partly caused, and much prolonged, by our prohibitory duties on all competing sugars, directed the attention of the colonists exclusively in that direction. As in the analogous case of protected wheat in this country, other cultivation was gradually abandoned in favour of a single article; the cane was grown in soils and localities utterly unfit for it, and into which nothing but the protective system could have forced it, and cotton was soon altogether neglected. Many parts of the West Indies, St. Vincent especially, which are worst adapted for the cane, are the best adapted for the cotton plant, which flourishes in light and dry soils, and especially near the sea-coast. The artificial stimulus which our mistaken policy so long applied to sugar cultivation, having been withdrawn, it must be abandoned in all unsuitable localities, and would be well replaced by cotton. What price would be required to repay its culture there, we cannot say; but considering at how small a cost it might be placed on ship board in all these colonies, and how large a portion this item generally forms of the whole expense of production, we cannot see why cotton should not be grown in the Antilles as cheaply as in the United States, if only the negroes can be relied upon for steady and continuous labour during the picking season. Now, the price of West Indian cotton ranges higher than that of the bulk of the American crop, as being longer in staple. Our belief is, that were the attention of our planters once energetically directed to this article, they might soon send us a regular supply of 100,000 bales per annum, and thus find a use for many estates that must otherwise be abandoned.

The experiment of cotton growing has already been tried with success in one of our most hopeful African colonies—Port Natal. We have already received above 100 bales from this colony—the main portion of which consists of the indigenous cotton, very similar to that shipped from New Orleans, clean, fine, tenacious, but of a light brown colour. On the whole, it is a most admirable article for ordinary purposes, and worth in the market to-day nearly 7*d.* per pound. The remainder of the shipments have been grown from the sea-island seed, and are of excellent quality. The cultivation is rapidly increasing, and about 500 bales are expected next year from the colony. A society has been formed for promoting emigration thither, and a ship full of emigrants sailed a few days since. Mr. Byrne, the agent, says:

"Natal is situated in a sunny and bright region. It has iron, lead, coal, and copper in abundance, and with British industry might be made one of the finest and wealthiest countries on the globe. The country is admirably calculated for the growth of cotton, some of which is of a superior description. In America, cotton was chiefly cultivated by slave-labour at a cost of about 35*l.* a year for each slave; whereas at Natal the labour of the Zooloos could be purchased at a cost of 10*s.* a month; and Natal too, from its proximity to the sea, was most advantageously situated for carrying on the trade with England in competition with the States. I would not advise you to cultivate sugar; you will be able to get that article perhaps better from the Mauritius, where you will find a highly remunerative market for all agricultural produce. I intend in the beginning of the year to send out a screw steamer to run to and from that island and Natal."

From Australia we have as yet had no bulk of supply, but several acres are under cultivation, and the samples sent are of so fine a quality as to prove beyond question the adaptation of the soil and climate for the production of as good an article as any grown in America. We have now lying before us, along with the Port Natal cotton, samples of some grown from sea-island seed at Bolwarra, in New South Wales, near Maitland, about 80 miles north of Sydney. It is long, fine, and silky.

We believe that, under due encouragement, the cultivation of cotton in these quarters might increase in a steady ratio equal to our increasing demand. Let us now see, on a summary, how the matter stands.

We have seen that of the American cotton crop, our annual supply during the last five years has nearly reached 1,120,000 bales, and that, *the yearly increase of the crop being balanced by the yearly increasing demand for the United States and for the continent*, there is little probability of our ever getting more than this *on an average*. Let us suppose that a due advance in price raises the production of Brazil to what it had attained in 1830, and that of India nearly to what it was in 1841, and that Egypt and our own colonies will again send us some appreciable and increasing imports:

	Bales per annum.
United States . . . . . say	1,200,000
Brazil	200,000
India	250,000
Egypt	50,000
Our colonies	50,000
	1,750,000

This would allow us a supply of 33,500 bales a week, the apparent consumption of this year. For any addition to this we must depend on the increase of the colonial supply, or on that which a still higher range of prices will enable us to wring out of India and Brazil. The conclusion from the whole clearly is, that, in order to secure such a supply of the raw material as is needed to meet our own present consumption, *we must be prepared to pay a decidedly higher range of prices than has of late years obtained;* that, in fact, the average prices of the last five years have proved quite inadequate, in spite of large crops in America, to draw to this country sufficient cotton to enable our actual machinery to work full time. Higher prices, therefore, *must* obtain in future; nor should spinners and manufacturers wish it otherwise; for experience has fully shown them that no circumstances can cause them so great or so certain a loss as an inadequate supply of the raw material, and higher prices can alone avert this supreme evil.

So much as to the probable sufficiency of the supply of the raw material to this country, *on the supposition that the consumption is what it appears to be, and will continue what it is.* But are we justified in these two assumptions? Let us put together a few facts which bear upon the question.

And, first, let us ascertain what the actual consumption has been during the last ten years. We know this with accuracy for nine years, and for the first ten months of this year. During these ten months, the deliveries to the trade have reached 1,495,000 bales. But we know that, during the latter portion of this period, manufacturers have been purchasing far more than they need for actual use, and that, while the actual quantity worked up has, in consequence of a general tendency towards the production of finer fabrics, been *decreasing* since the beginning of June, the purchases of cotton have been *increasing*, till, in October, they reached the unprecedented amount of 217,000 bales. A lull has now taken place, and we believe we shall not be far wrong in assuming that the purchases of the trade, during the last nine weeks of this year, will not exceed 205,000 bales; and that, in that case, they will hold at the end of the year 50,000 bales more than usual in stock. This would give the consumption of the year at 1,650,000 bales. Our own impression is, that this estimate is rather over than under the mark, and that spinners hold a larger stock than we assume; but, in any case we cannot be sufficiently wide of the truth to affect our conclusions.

Year.	Weekly consumption of cotton in Great Britain.	Year.	Weekly consumption of cotton in Great Britain.
1840	24,868	1845	30,120
1841	22,134	1846	30,000
1842	22,949	1847	21,270
1843	26,693	1848	28,950
1844	27,439	1849	31,730

Now, we wish our readers to consider this table carefully, and notice the extraordinary *fluctuations* in the quantity of cotton worked up each year, in connection with the facts we are about to state. The weekly average fell nearly 3,000 bales from 1840 to 1841; then jumped up nearly 4,000 bales from 1842 to 1843; in 1845 and 1846, it remained stationary at a high figure; and (passing over for obvious reasons the anomalous year of 1847) it had again fallen in 1848, when the quantity only exceeded that of *eight* years previously by 4,000 bales. *Yet, during the whole of this period, the machinery engaged in the cotton manufacture was constantly*, though not regularly, *increasing;* and, except for a short period in 1842, (and in 1847, which last year we have thrown out of our calculation,) the mills were, we believe we are correct in stating, all at full work. Indeed, "short time" is attended with too tremendous a loss to the mill-owner ever to be resorted to, except under the direst pressure. During the last year, we see the consumption has increased nearly 3,000 bales a week, though the hours of labour have been reduced, by legislative enactment, from eleven to ten per diem.

All these considerations point clearly to the conclusion, that *our consumption of the raw material is not a fixed, but a varying quantity*, and is affected by some other causes than either the amount of machinery in operation, or the hours during which it is employed. What this cause is, and the extent to which it is capable of operating, we can be at no loss to discover.

The weight of raw cotton consumed by a given amount of machinery varies according to the nature of the article produced. We produce in England fabrics of which the raw material forms *two-thirds* of the value, and fabrics of which it forms not *one-fiftieth* of the value. We spin yarns of which the raw materials cost *three-fourths*, and yarns of which it costs *one-twentieth*, of the finished price. We have spindles that produce two pounds of yarn a week, and spindles that do not produce two pounds a quarter. But, without

going to these extreme varieties, we will here copy a statement made by Messrs. Du Fay & Company in their monthly circular, the accuracy of which we can fully confirm. They say:

840	spindles,	working	20's	twist,	will consume	1,340	lbs.	of cotton
840	"	"	30's	"	"	840	"	
840	"	"	40's	"	"	525	"	
840	"	"	60's	"	"	224	"	

Now, though machinery accustomed to produce No. 20's cannot produce No. 60's, yet it can, without material change or difficulty, produce No. 30's; and machinery adapted for No. 30's can change to No. 40's, and so on. In fact, every mill has a range of *at least ten numbers*, by varying which it can reduce or augment its consumption of cotton *easily* from 25 to 50 per cent. The same may be said of weaving mills. In many mills, looms may be seen working side by side of the same construction, some of which produce 60 lbs. a week, and others only 25 lbs. We could mention at least one mill where the amount of raw cotton worked up weekly varies, according to the fineness of the article produced, to meet the fluctuating demands of the market, from 30,000 lbs. to 18,000 lbs.; and we find in the *Manchester Guardian* of last Saturday the following corroborative statement:

"Some idea of what a change of numbers will effect may be gathered from the following instances; the names of the firms are before us:

	Reduction.		Previous weekly consumption.
No. 1	10,000 lbs.	out of	40,000 lbs.
No. 2	18,000 lbs.	—	60,000 lbs.
No. 3	25,000 lbs.	—	115,000 lbs.
No. 4	10,000 lbs.	—	30,000 lbs.
No. 5	10,000 lbs.	—	30,000 lbs.
No. 6	70 bls.	—	120 bales.

We have been informed by another very extensive spinner, that the reduction in his establishment is more than 40,000 lbs. per week."

It is not easy to ascertain the extent to which this change from coarser to finer numbers is actually carried at any particular period. We know, however, that it does go on to a very great extent, and has done so, perhaps almost unprecedentedly, during the last six months; and, when we consider the immense proportion of the *weight* of cotton used in England, which is consumed by the makers of heavy cloths and coarse yarns, we think we may safely affirm that a *brisk* demand for printers, shirtings, and India yarns on the one hand, with a *dull* demand for domestics, long-cloths, and German yarns on the other, or a reversal of these conditions of the market, if continued for any time, will make a difference of at least 25 per cent. in the weight of raw cotton consumed.

Now, an advance in the price of cotton is much more strongly felt in the coarser yarns and the heavier cloths than in the finer ones. An advance, such as has taken place in the last twelve months, of nearly 3*d.* per lb. on the raw material of a stout calico which ordinarily sells in the finished state, at 8*d.* per lb. is nearly 40 per cent. on the manufactured article. On a printing cloth, or a fine shirting, which sells at 12*d.* per lb. it is only 25 per cent.; and on the piece *when printed*, it is far less than this—in fact a mere trifle. Or, to put it in a still clearer light, an advance of 3*d.* per lb. on a heavy domestic calico, will compel the purchaser to pay 4*d.* where he formerly only paid 3*d. per yard.* The same 3*d.* per lb. will be 15*d.* on a piece of printing cloth 30 yards in length, which, when printed, sells in the shops at about 12*s.* 6*d.*; in other words, it will raise the price to the customer from 5*d.* to 5½*d. per yard.* Now, this advance, which is only ten per cent., is not sufficient materially or rapidly to check consumption; the other advance, which is 40 per cent., is. It is clear, therefore, that an advance in the price of the raw material will check the demand for, and consequently the production of, heavy fabrics, much sooner and more decidedly than that of light ones. Accordingly, as the following table will show, *the range of prices* is more limited in the former than in the latter; and never keeps pace with, or nearly so, that of the raw material:—

	Price per lb. of the following articles in November.					Extreme range.
	1845.	1846.	1847.	1848.	1849.	
	d.	*d.*	*d*	*d.*	*d.*	*d.*
Raw cotton, fair uplands	4½	6	5¼	4	6½	2½
No. 20's water twist, good seconds	9	8¼	7¾	6¼	8½	2¾
No. 40's mule twist, fair seconds	10	9¼	8¼	7	9½	3
Stout domestics, 18½ lbs. for 60 yds.	9¼	9¼	9¼	8	8¾	1¼
Medium domestics, 12 lbs. for 60 yds.	11¾	11¼	9¾	9¼	10	2½
Printing cloths, 27 in. 72 reed, 5 lbs. 2 oz.	13	13¼	12¼	10¾	14¼	3½

It is obvious from this table that while printing cloths have a range of price even exceeding that of raw cotton, and find no difficulty, where there is a reasonably brisk

trade, in following its fluctuations, the very reverse is the case with heavy domestics, into which a very disproportionate bulk of the raw material is worked up, when compared with the machinery employed. For these last-mentioned articles there is a very extensive demand *at low prices;* but with any material advance, this demand immediately falls off. A great proportion of them is exported in the form of T cloths and long-cloths to Portugal, the Mediterranean, and the Levant, as long as prices range about 8*d.* a lb.—when it approaches 9*d.* this export is almost wholly suspended, and the manufacturers who ordinarily supply it, are compelled to turn their attention to other fabrics.

Another cause contributes to this change. In unprofitable years, such as always occur when the raw material is deficient in quantity and has rapidly become enhanced in value, (as in the present year,) every manufacturer is of course anxious both to minimize his loss, and to make his capital go as far, and last as long, as he can. It is evident that this will be best effected by turning his machinery to the finest range of numbers it is fitted to produce, and working up (say) 20,000 lbs. instead of 30,000 lbs. of cotton weekly. Moreover, in years when trade is dull, and when manufacturers, from inability to sell, are compelled to accumulate stocks, the same inducement to produce as fine fabrics as possible is still more strongly felt. A manufacturer with 500 looms on light printing cloths can afford to hold a stock of 50,000 pieces, or four months' production, but a manufacturer with 500 looms must have a much larger capital who can afford to hold 25,000 pieces, or four months' production of heavy domestics. In round numbers, the first would have 12,000*l.* and the second 18,000*l.* locked up.

From a combination of all the above considerations—from observing that this change from coarser to finer fabrics has often occurred in the past—from knowing how easily, and to what an extent, it may be effected—and from perceiving the vast inducement which such a rise in the value of cotton as has recently occurred offers to this change—we feel no doubt that such change has, during the last six months, been carried to a far greater extent than is generally estimated; and we question whether the actual consumption is at this moment within 5000 bales per week of what it appeared to be in May last, nor within 3000 of what it actually was. We feel convinced, too, that with our present and future prospects as to the supply and price of the raw material, as developed in the early part of this paper, our manufacture must run more than it has done of late years upon the finer yarns and fabrics, and consequently that our consumption of cotton (till the supply from miscellaneous quarters has been greatly augmented) must tend to *decrease* rather than otherwise, notwithstanding the increase and improvement of machinery; that (to sum up the whole) *those speculators who refuse to believe in a diminished consumption, and those manufacturers who refuse to face the fact of an inadequate supply, will find themselves equally in error, and in danger.* We particularly call the attention of the latter parties to the consideration that the better or worse accounts of the coming American crop in no degree affect our argument. We have assumed it at 2,350,000 bales—the highest estimate being 2,400,000 bales.

There are yet other reflections which tend to corroborate this conclusion. We are not without indications that we have over-estimated and outrun the demand for the manufactured article from our existing markets, as much as we have outrun the supply of the raw material from existing sources. It is probable that the world's requirement of cotton goods about keeps pace with the world's growth of cotton wool. But unfortunately our machinery has increased faster than either. We can produce more calico than is wanted, and we can consume more cotton than is grown. We think that, in endeavouring to ascertain this, we may safely take the data of the last five years as our basis, since, though the demand for our manufactures has in that period been checked by a tremendous political and commercial convulsion, yet on the other hand it has been increased during a portion of that time by an unexampled expenditure among the working classes, (in the form of wages to railway labourers and others,) and the supply has been checked by one of the most deficient cotton crops known for many years.

We have constructed the following tables with the greatest care, and from the best information we can obtain. We believe they will be found essentially correct —

No. 20's Water twist.

	Price of cotton per lb.	Cost of workmanship and waste.	Total cost.	Selling price.	Profit.	Loss.
	d.	*d.*	*d.*	*d.*	*d.*	*d.*
1845	4·25	3	7·25	9	1·75	—
1846	6	3·25	9·25	8·25	—	1
1847	4·7	3·1	7·8	7·8	—	—
1848	3·6	3	6·6	6·25	—	0·35
1849	6·25	3·20	9·45	8·45	—	1

No. 40's Mule twist.

	Price of cotton.	Cost of workmanship and waste.	Total cost.	Selling price.	Profit.	Loss.
	d.	d.	d.	d.	d	d.
1845	4·5	4	8·5	10	1·5	—
1846	6	4·2	10·2	9·25	—	0·95
1847	5	4·1	9·1	8·25	—	0·85
1848	4	4	8	7	—	1
1849	6·5	4·2	10·7	9·25	—	1·45

The prices here given are those of November in each year, both in this and the subsequent tables.

Stout Domestics.

	Price of cotton per lb.	Workmanship and waste.	Total cost.	Selling price.	Profit.	Loss.
	d.	d.	d.	d.	d.	d.
1845	3·75	4	7·75	9·25	1·5	—
1846	5·6	4·2	9·8	9·36	—	0·5
1847	4·25	4	8·25	9·25	1	—
1848	3·25	3·35	7·1	8	0·9	—
1849	5·7	4	9·8	8·75	—	1·05

Medium Domestics.

	Price of cotton per lb.	Workmanship and waste.	Total cost.	Selling price.	Profit.	Loss.
	d.	d.	d.	d.	d.	d.
1845	4·25	5·50	9·75	11·75	2	—
1846	6	5·75	11·75	11·25	—	0·5
1847	4·75	5·25	10	9·75	—	0·25
1848	3·65	5	8·65	9·25	0·6	—
1849	6·45	5·5	11·75	10	—	1·75

In estimating the second column in all these tables, we have taken into account both the economy, in the cost of workmanship, where there has been any, and also the variation in the waste owing to the varying price of cotton, which will account for the slight fluctuations observable.

Printing Cloths.

	Price of cotton.	Workmanship and waste.	Total cost.	Selling price.	Profit.	Loss.
	d.	d.	d.	d.	d.	d.
1845	5	6·85	11·85	13	1·15	—
1846	6·5	7	13·5	13·25	—	0·25
1847	5·5	6·75	12·25	12·25	—	—
1848	4·5	6·5	11	10·75	—	0·25
1849	6·25	6·75	13·5	14·25	0·75	—

It is important to observe that the experience of isolated *individuals* will not invalidate the conclusions of these tables, which show the margin between the raw material and the manufactured article *at the prices of the day*. These prices vary much during the year; and a manufacturer who has laid in his cotton at the cheapest time, and made his contracts of sale at the dearest, may realize a profit, though the general trade incurs a loss. The only case in which these tables may lead to an incorrect conclusion is, where the relative prices in *November* are not fair representatives of the average prices of the year. In the year 1847 this was the case, the margin between cotton and yarn, or cotton and cloth, being much *greater* in November than during the chief part of the year, and the *loss* consequently far *less*. The average of that year left a large loss on all articles.

From these tables it would appear—as indeed has been well known to all connected with the trade—that our cotton-spinners and manufacturers on an average, and with a few exceptions, have been carrying on their works to a loss, ever since 1845. This has occurred during a period in which the price of the raw material has fluctuated upwards and downwards at least 40 per cent. Now can it be supposed that they would have encountered the impossibility, which it is evident they *have* encountered, of obtaining remunerating prices, if they had not produced more than our actual markets can, on an average of years, take off?

At the beginning of this year, great expectations were entertained of our home demand. It was argued, and with good reason, that we never yet had a year of general employment and low prices of provisions combined, which was not also a year of very large domestic consumption of manufactured fabrics. This year labour has been in very brisk request, and food has never been so cheap and plentiful since 1836. Yet our expectations

from these facts have not been fully answered. The sellers of printing cloths and medium shirtings report that their home demand has, on the whole, been good; the sellers of domestics report, on the contrary, a decidedly dull business, worse than that of last year; but we believe all agree that the anticipations with which they began the year have by no means been realized. We suspect the cause to be this:—The depreciation in railway property, the effects of the Irish famine, and the commercial crash in 1847, have impoverished all classes of the community to a much greater extent than has been allowed for in the calculations of our tradesmen. We question whether "the power of purchase," on the part of the British community, is nearly equal to what it was in 1845. One fact alone may enable us to guess at the degree to which its aggregate means of expenditure must have been reduced. In round numbers, the sum *actually expended* in railways is 210 millions: their *actual value* at the prices of the day does not exceed 100 millions; and many of them pay little or no dividend.

Let us now sum up the conclusions which our tables have solved:—

1. Our supply of cotton has materially fallen off during the last few years, and will not increase except under the stimulus of much higher prices than have (till the last few months) obtained.

2. That under such ranges of prices our consumption will not maintain its present apparent rate, (or say 32,000 bales a week,) whatever be the increase or improvement of machinery.

3. That, except under the stimulus of low prices, our existing markets *cannot* take off as much as our machinery *can* produce.

4. That the practical deductions pointed to by these facts are two—*first*, a permanent tendency towards the production of finer fabrics; and *secondly*, a check to the increase of mills and machinery—of our producing power—that is, till the increased supply of the raw material on the one hand, and an increased consumption of the manufactured product on the other, shall once more have restored the balance."

It is here stated that the consumption of the last five years is greater by 3600 bales per week than in the previous five, but it is not shown whence this cotton came. The whole quantity retained for consumption in the second period is less by 269,000 bales than in the first, and yet the consumption is said to have been greater by 187,000 per annum, or a total quantity of 935,000 bales, which added to the deficiency in the quantity retained, would make 1,200,000 bales. The stock of American on hand at the close of 1849 was less by 400,000 bales, and that of other descriptions may have been reduced 250,000; but even this leaves 550,000 to be accounted for. It is scarcely possible to examine the figures given in this paper without arriving at the conclusion that the consumption is exaggerated.

Admitting, however, all that is claimed, I will now proceed to show how large a portion of this increase has resulted from the existence of *protection* elsewhere. It has been shown* that our import of cotton goods in two years, ending June 30, 1843, the period of *almost free trade*, was very small, the average having been but $7,184,000. If, now, to this we add the increased import of the year ending June, 1844, we obtain an average of about . $9,000,000
From June, 1844, to June, 1849, the average was about . 16,000,000
During one-half of this period the tariff of 1842 was in existence, and during more than half of the balance, that of 1846 was almost altogether inoperative—and for the balance of the time the duty has been thirty per cent. Nevertheless, the amount *imported*† has been almost double, and the excess is not less than three-fourths of a pound per head, making an average of about 35,000 bales per annum.

* Page 394, *ante*.

† By reference to the tables in Chapters II. and III. it will be seen that much of these imports in the last two years was obtained in exchange for certificates of debt, and therefore deducted from the amount of import as there given, the object in constructing those tables having been that of showing what was the *power of consumption* resulting from the *power of production*, not that which resulted from the impoverishing system of buying goods on credit.

The average import of yarn into the other protected country, the *Zoll-verein*, from 1837 to 1841, was 351,000 quintals. That of 1843 was 475,000, and the average from 1840 to 1844 was probably about 440,000. In 1845 it was 574,000. Taking that as the average from 1845 to 1849, as it appears to have been,* we have an excess of 134,000 cwts. of yarn, equal to 40,000 bales of raw cotton.

The two together make 75,000, which, being deducted from the excess consumption alleged to have taken place, leave 112,000, and the account will now stand thus . . . 1840–44 annual average 1,290,000
1845–49 " " 1,402,000

showing an increase of little more than *eight* per cent., while the low prices of the second period have been lower than those of the first by *twenty-five* per cent. It is obvious that the increase, trivial as it has been, *among the unprotected consumers*, has been obtained at the cost of the planter, and that the amount collected from the population of England and that of the world at large for his use, was greatly less in the second period than in the first. The consumption of American cotton in Great Britain, in the present year, is estimated at only about 1,100,000 bales, being little more than it was ten years since, when the average price was as high as at present. It is clear from this the market of England cannot be made to grow in such manner as to keep pace with our production. Why it cannot, and will not, may, I think, readily be shown by an examination of the operations of the past year, in which there has existed no railroad speculation, no famine, no potato-rot, and in which, on the contrary, every thing has tended to produce a perfect realization of the anticipations of the most sanguine friend of the existing system.

The total value of exports of the kingdom for the ten months ending November 5, 1849, was	£49,400,000
The total of grain, and flour and meal as grain, imported in the same period, was 10,300,000 quarters, which, at an average of 36*s.* per quarter, would amount to about £18,500,000, and with 43,000 tons of potatoes, to about	18,600,000
The number of oxen, bulls, cows, sheep, &c., 144,000, say	150,000
Of bacon, beef, pork, hams, butter, cheese, and lard, 1,500,000 cwts., which at 30*s.* would be	2,250,000
Grand total of commodities now imported, but with which the people of the United Kingdom supplied themselves almost entirely only a few years since .	£21,000,000
Deducting these, the amount of exports remains . .	28,400,000
The exports of cotton manufactures and yarn (£5,833,000) amounted to £22,550,000, and if we estimate the cotton required for their production at three-eighths of this amount, we obtain as its value	8,500,000
The wool imported to be manufactured and exported amount-	

* The export of yarn to the ports through which Germany is supplied, in four of those years was as follows:—

	1845.	1846.	1847.	1848.
Belgium, lbs. . .	3,917,000	5,359,000	3,520,000	3,168,000
Holland " . .	21,556,000	24,662,000	16,206,000	18,877,000
Hanse Towns, &c. .	40,315,000	45,041,000	36,123,000	32,910,000
Total lbs. .	64,788,000	75,062,000	55,849,000	54,955,000

ed to nearly 60,000,000 of pounds, which, at a shilling a pound, would be 3,000,000

The flax imported was 1,553,000 cwts., and the average price being 32*s.*, the amount is 2,500,000

If we now add for the hides, timber, copper ores, Swedish iron, block-tin, brimstone, indigo and other dye-stuffs, silk, sugar, gold, silver, quicksilver, and other foreign materials included in this vast amount of manufactures exported only . 2,500,000

We obtain as the total of foreign raw materials exported . £16,500,000

leaving as the value of the products of the labour and land of England exported in ten months £11,900,000

or per annum £14,280,000

being at the rate of 9/6=$2·28 per head, to be applied to the purchase of cotton, sugar, coffee, tea, silks, dying materials, timber, and all other articles of necessity or of luxury required for domestic consumption, grain, potatoes, live animals, and cured provisions alone excepted.

If the reader will now compare this statement with those of other years before given,* he will, I think, have no difficulty in satisfying himself that "the power of purchase" of the people of Great Britain is in a state of rapid diminution, and that to that fact is due the distress existing among her people.

It will be said, however, that she *does* consume much more than this amount. She does, and how she is enabled to do it, I propose now to show. Thus far, however, the accounts of the various periods are made out precisely alike, and answer for the purpose of comparing the present with the past.

It will be seen that the prices of all the articles I have particularized would be low even here. Of the grain, nearly three-fourths are wheat or wheat flour, and the price is but 4*s.* or 88 cents per bushel, delivered in England. The bacon, beef, pork, lard, and butter are at 6¼ cents per pound, also delivered in England. The flax is at seven cents per pound. The wool is at a shilling, and the cotton supposed to be about 5½*d.* per pound. These are prices at which we should not desire to deliver the same commodities at New York or Philadelphia, on their way to Liverpool. Nevertheless, Great Britain obtains all these, and immense quantities of other commodities in addition, *and yet brings us largely in debt on the year's business.* She uses sugar valued at £5,000,000. Large quantities of cotton, silk, hemp, and hides, are consumed at home. Her consumption of tea is 40 millions of pounds. Of timber she consumes a million of loads, and the price of Canada red pine is £3 per load. How does she acquire the power to do all these things?

The cotton that comes from Bombay, as stated above, frequently yields to the shipper at that place but a penny per pound, which will not defray the cost of transportation from the place of production to the place of shipment, leaving nothing whatever for the cost of production, and yet the poor producer pays to the Company heavy taxes for the use of that land, which taxes are remitted to England for the payment of expenses, pensions, dividends, &c.

The sugar from the Mauritius sells for 22*s.* per cwt., or 2⅝*d.* per pound, a price that cannot yield the shipper much, if any thing, more than a penny per pound. The producer receives almost nothing. It was shown by the accounts of several large houses, owners of real estate in that island, that for years the estates received nothing whatever. So is it with Canada, and her lumber.

* See page 57.

The charges upon all commodities that pass into England are immense, and they cannot be otherwise. The producers are few, and the consumers are many, and the latter must be supported by the former. Wherever four families must eat and but one raises food, the share that falls to the former must be small, and therefore it is that the farmers and planters of the world are kept so poor.

With every step downward the operation of the system tends to become more severe. A penny taken out of a pound of cotton that sells for a shilling, is a trifle, but a penny out of 3*d.* falls heavily. When cotton is high, it sells rapidly and the charges are few. When the crop is large and it sells slowly, the charges are numerous. So is it with sugar, tobacco, rice, and all other of the products of the earth. With the diminishing power of consumption prices universally have diminished, while the necessity for advances, storage, &c., has increased, giving to the exchanger power to take for himself not only a larger *proportion*, but a larger *quantity* than before. Hence it is that Great Britain is enabled to consume so much while producing so little.

Diminish her power of taxing the planters and farmers of the world, and it will speedily be seen that the power of consumption that even now exists results from the ability to throw upon others the burden that she should bear alone. The *Economist*, a journal not to be suspected of exaggerating the evils of the present state of things, expresses its belief that "the power of purchase" on the part of the British community *is not nearly equal to what it was in* 1845.* That such is the case there can be no doubt, and that the

* This same journal *but a fortnight before* assured its readers that "ever since there had been a reduction of the duties of the sliding scale, and a probability that the corn laws would be abolished, the farmers have steadily improved their cultivation and produced more." If production has increased, how is it that the power of purchase has decreased? If the power of purchase has decreased, how are the people enabled to purchase all this *supposed* increased domestic product, and the enormous quantity that is imported? The power of consumption and that of production go hand in hand with each other, and if "the power of purchase" has diminished, as it unquestionably has, it is because the power of producing things *with which to purchase* has declined.

Much of the diminution in the "power of purchase" is ascribed to the railroad speculation, but it is difficult to see how that should have produced any such effect. Under it much property changed hands, but the actual expenditure was merely the cost of grading and laying the roads, and it cannot be doubted that the labour that has been saved by means of the use of the roads has been quite equal to the amount expended. The price paid for land, and the fees to parliamentary agents, &c., were merely transfers from the pocket of one man to that of another, and could not have impaired the "power of purchase." The railroad speculation produced the roads, and existing as they do, they tend to increase the power of production and consumption. It is necessary, therefore, to look elsewhere for the causes of the state of things now existing in England. They are to be found in the *necessity* for competing with the lowest priced and most worthless labour of the world. The results of that necessity are exhibited in the following facts, which will not only account for the present diminution in "the power of purchase," but relieve us from difficulty in accounting for future diminutions.

"It appears from a parliamentary return, that the holders of farms, who in 1845 were 310,000 over the Emerald Isle, have in 1848 sunk to 108,000. *Two hundred and two thousand cultivators of land* have disappeared in three years, and with them at least half of the capital by means of which the land was made to produce any thing."—*Blackwood's Magazine, December*, 1849. The bank-note circulation of Ireland, which in August, 1846, was £7,500,000, had fallen in August, 1849, to £3,833,000.—*Ibid.* The poor rate of Ireland, which in 1846 was £200,000, has risen to £1,900,000. That of Scotland has risen in three years from £185,000 to £560,000. In Glasgow, anterior to 1846, it was £30,000. In 1848–9, it was £200,000. The number of paupers in 1845–6, was 7,454. In 1847–8, 51,852. The railroad tolls of 1845 averaged £2,640 per mile. In 1849, £1,780.—*Ibid.*

power of purchase must continue to diminish with further diminution in the power of production, is quite certain.

We see that, notwithstanding low prices for grain, the imports are immense, averaging more than nine millions of our bushels per month. Will this continue? In answer, the domestic crop of this year has not failed, nor have there been any reasons why the export from the grain-producing countries of the world should be larger than usual. We are assured that Russia can supply fifty millions of quarters annually, and that much of it is now wasted for want of a market. She has now a market, *and so long as a bushel of wheat will yield to the producer the price of a yard of cotton cloth, he will accept even that rather than waste it.* We are assured that he cannot afford to raise it at any such price, but what else can he do? Deprived of other employment for his time, he must raise food for himself, and with the surplus purchase clothing, even if he have to starve himself to obtain the little that he wears. The error of English writers consists in assuming that there is such a thing as a necessary price. The poor labourer in India, we are assured by this same writer, obtains for his cotton no more than *the mere rent of his land*, leaving nothing for his labour, yet he still cultivates cotton to exchange for the yard of cloth with which he covers his loins.

The people of England first inflicted upon themselves a *necessity* for competing with the "cheap" labour of India in the manufacture of cottons. That produced a *necessity* for competition with the "cheap" labour of Russia in the production of food, the consequences of which are thus described in the recent quarterly report of the Registrar-general:—"The population of England has *suffered, died, and decreased, during the quarter, to a degree* of which there is no example in the present century." Emigration has gone on so rapidly, and so much in advance of immigration, that "England has now less inhabitants by several thousand than were within her shores at midsummer."

The system tends to increase man's *necessities* and to diminish his *power*. It is here shown how enormous was the difference in the prices of cotton in the two periods, and we may now look to see whether the price of cloth and iron changed therewith. From 1840 to 1844, the average price of a piece of gray cotton cloth was 6*s.* 7*d.*; from 1845 to 1849, it was above 6*s.* Here is a reduction of ten per cent. to set off against changes of 40 per cent. The average price of iron in 1845, 1846, and 1847, was 50 per cent. higher than that of the four previous years; and thus, while the cotton was lower than before, the thing which, of all others, the producer of cotton desires to use, was vastly higher. He was steadily giving more and receiving less, and it is no matter of surprise that his power of production diminished and his condition steadily deteriorated.

To this it is due that the power to pay for cotton cloth on the part of the people subjected to the system is steadily diminishing, and that "the consumption cannot be maintained." Nothing, "we are assured, but the stimulus of low prices" will enable "the existing markets" to take off the produce of the machinery of England; and, to secure a supply at low prices, every English writer on the subject is looking for what is called "cheap labour." That of the Zooloos may be had at 10*s.* per month, and Natal is advantageously situated for maintaining "competition with the States."

The "practical deduction pointed to by these facts," and that which most interests the planter, is that there must be "a check to the increase of mills and machinery," until "the increased supply of the raw material" shall bring down the price of cotton to the level of the powers of the consumers, or until "the power of purchase" shall rise to a level with the existing prices. That the latter, among the *unprotected* communities of the world, has

steadily declined, during a long series of years, is obvious, and there exists no reason for supposing that the future will be different from the past. The only remaining mode of "restoring the balance" is that of reducing cotton to the level of *a constantly diminishing "power of purchase."*

That it will be so diminished, unless the planters can determine to help themselves, there can be no doubt. The men who have heretofore raised sugar and coffee are now about to turn their attention to cotton, as likely to be more profitable than either. The people of Jamaica have been forced to abandon coffee, and sugar cannot, as their journals inform us, be any longer profitably cultivated. Why it cannot, the *Economist* informs us.

The same number, from which the above long extract is made, informs us that the sugar market is "drooping," the "expectation of a large additional consumption not having been realized." The consequence is seen in the fact, that the sugar of the distant Isle of France is quoted at 22*s.* 5*d.* per cwt., being two and two-fifth pence per pound, yielding to the shipper, after paying freight and charges, about as much as the cotton above stated to have been shipped from Bombay, to wit, one penny, and to the producer, on his plantation, but little more than is necessary to pay his rent. Under such circumstances, the labour of the people of the Mauritius becomes "cheaper," and may ultimately become as "cheap" as that of the Zooloos.

Thus is it everywhere. The late cotton planter of Alabama is trying sugar, and the sugar planter of Jamaica is determined to try cotton, under an impression that "a sufficient supply is not yet raised to meet the demand which exists for the article." The real cause of difficulty is, that the cotton planter and his neighbours are unable to obtain one-third as much sugar as they would desire to consume, and the sugar planter is unable to obtain one-third as much cloth as he would desire to consume, because the cost of both *in labour* is so greatly enhanced by the necessity for making their exchanges in the distant market of England. Were both determined to make a market on the land for the products of the land, each would obtain in return for the same quantity of labour thrice as much as now; whereas, if they continue to maintain the monopoly system of England, they must obtain even less than now, little as it is. Among the planters of the world, there is perfect harmony of interests, and those of all are to be promoted by the adoption of a system that shall tend to raise the value of labour, thereby enabling the man of Ireland, who now consumes one pound of cotton, to become the man of America, consuming a dozen or twenty pounds.

The object of every effort at maintaining in existence this great monopoly of machinery is that of preventing increase in the value of labour and land throughout the world, that commodities may be had "cheap." How great is the power exercised for this purpose, will readily be seen by all who study the sliding-scale system, by which consumption is diminished with any small advance of price, and the tendency upwards thus counteracted. The existing consumption can be maintained only at the present minimum prices, and the reason why it can only be so maintained is, that "cheap" cotton and "cheap" sugar make the *labour-cost* of cloth and iron so great that the poor cultivator of those "cheap" things cannot afford to purchase either. Dear as is the cloth to the consumers, and little as the cotton has yielded to its producers, the manufacturers have, we are assured, been working at a loss during nearly all those five years, and the profits are set down at only 1½*d.* per pound in 1845, designated by Messrs. Rathbone, in their circular accompanying the diagram given at page 75, as one of "enormous profits to manufacturers." The differences in the prices of both cotton and yarn as here given, from those given by Messrs. R., are sometimes remarkable. The cost of converting a pound of cotton into yarn No. 40, is also remarkable, and must embrace

many allowances for wear and tear, management, &c. A mill in this neighbourhood, at work upon No. 35, converts *into cloth* above a million of pounds, with the labour of 300 persons. The average wages of England are under 30*l.* per head, and this would give 9000*l.*, or about two millions of pence, *for wages of labour* required for converting a million of pounds into cloth, or two pence per pound. Notwithstanding this unceasing succession of losses, there has been, as we are assured, a constant increase of machinery for doing the work, while the whole increase of consumption is trifling. It is difficult to reconcile these statements.

Less difficult is it to ascertain what is the policy of the planter. *It is to break down the monopoly and bring the machinery of England to the cotton fields*, and there it will come whenever the producers of food and cotton shall declare to the world that it is their fixed policy *to extend the consumption of cotton by enabling themselves to supply it cheaply to the consumers*, a work that is to be accomplished by freeing themselves from the control of those who now live, and move, and have their being, by means of standing between the producer and the consumer, impoverishing the one so that he cannot continue to produce, and the other so that he cannot continue to consume.

It cannot fail to strike the reader as singular, that the clever writer of this article supposes that the system which destroys cultivation in India and Brazil has no such effect in this country. He assumes that we produce all we can, whereas we *know* that the great object throughout the South is to limit production, and that the producers are perpetually flying from lands that have been exhausted to seek new ones to be again exhausted, and wasting on the road more labour than would add to the crop hundreds of thousands of bales.

Had the planters eight years since determined that the loom *should* come to the cotton, the crop of this year would exceed three millions, and the price would be higher than it is now with one of two millions; for we should ourselves be consuming much more than a million, the purchasers of which would be found among prosperous makers of iron, who would be producing 1200 or 1500 thousand tons to be applied to the making of roads for the use of prosperous farmers and equally prosperous miners and manufacturers. Increase of price thus produced increases consumption, *and such is the tendency of protection*. Increase of price resulting from short crops tends to diminish consumption, and *such is the tendency of the monopoly system*. It destroys both the power to produce and the power to consume.

CHAPTER SEVENTEENTH.

HOW PROTECTION AFFECTS THE CURRENCY.

If protection be "a war upon labour and capital," it must tend to produce those disturbances of the currency that tend so greatly to diminish the return to both. If, on the contrary, it be a peaceful measure of resistance to a system tending to the oppression of the labourers and capitalists of the world, then it must tend to produce that steadiness of the currency so desirable to all, labourer and mechanic, farmer and planter, ship-owner and merchant.

The real currency of the world consists of labour and the things for which men are willing to give labour, food, clothing, fuel, iron, &c. That which is usually denominated "currency," is merely the standard by which their respective values are measured. The labourer sells the exertions of a week for five dollars, and he receives in return five bushels of wheat, also valued at five dollars. The capitalist sells a house for twenty thousand dollars, and orders the purchase of a quantity of shares of stock which, measured by the same standard, are found to be the equivalent of that number of dollars.

The price of wheat changes with the size of the crop. So does that of

sugar. If the supply of wheat be large, and that of sugar small, much wheat will be given for little sugar.

The introduction of a third commodity, itself liable to variation in the supply, as is the case with money, tends to produce additional variations in the quantity of one commodity that must be given for another. Thus, if the supply of money be large among one set of wheat raisers, and small among another, the raiser of sugar will sell in the first and buy in the last, obtaining much money from the one and giving little to the other.

Were all arrangements for the production, purchase, or sale of commodities or property executed on the instant, this cause of disturbance would scarcely exist, because the prices of all would be similarly affected, being high when money was plenty, and low when it was scarce, and the quantity of sugar to be given for wheat, or wheat for sugar, would depend upon the size of the crops almost as completely as if no intermediate commodity were used. Such, however, is not the case. The merchant buys coffee in January, and contracts to deliver its equivalent in money in July, at which time money may be so scarce that six pounds of coffee will command no more than would have been done in January by four pounds. The merchant commences to build a ship in July, when money is scarce and the price of labour is low, and he finishes it when money is plenty and wages are high, and it costs him ten, fifteen, or twenty per cent. more than he had calculated upon. The little trader, on the contrary, who buys and sells from day to day, loses nothing. If he buys high he sells high, and if prices are low to buy, he makes them low to sell, and the measure of his business is the measure of his profits.

The great sufferers by such variations are those the nature of whose property, or the character of whose business, requires them to make arrangements far ahead, and to take the risks incident to changes in the currency for the whole period that elapses between the commencement and the conclusion of an undertaking. Such are all the persons the products of whose labour are not intended for immediate consumption—the owners of houses, farms, factories, furnaces, railroads—all, in fact, connected with the improvement of land. In a time of pressure for money in one place, flour, cotton, cloth, and other articles intended for daily consumption, may be transferred to other places where money is plenty, and the changes in their prices are therefore small when compared with those which are experienced by the possessors of property that cannot be transferred, and is therefore obliged to bear the whole burden of the change. In such cases land becomes entirely unsaleable except at an enormous reduction of price, to which its owners must submit if they are placed in a position to render sales necessary, and thus it is that so many persons connected with land and its improvement are ruined by revulsions that affect but in a slight degree the operations of the retail grocer.

Such, likewise, is the case with labour. The man who has a family and finds no demand for his labour cannot change his locality. He and his family must suffer together. Food may be at a *low money-price*, but if he can obtain no employment, *the labour-price* is so high that he cannot purchase it. Land and labour, then, are specially interested in the maintenance of uniformity in the standard by which the products of both are measured, because they are the great sufferers by the changes which occur in the progress of time.

Time and distance are, in this respect, the equivalents of each other. The man who builds a house calculates upon the continuance, during the period of its erection, of the state of things that existed at its commencement, and he who remits to China to purchase teas, bases his calculations on the state of affairs that existed in that country three months previously. If money in

the mean time has become more abundant, he may pay higher for his teas than he had calculated upon, and if before their arrival it becomes less abundant here, he will obtain less, and thus will reap loss instead of profit. The man who raises cotton when he might have raised sugar or wheat, bases his calculations on the state of affairs that he supposes will exist in a foreign country, and is thus forced to superadd the risks of distance to those of time. If he exchanged his products with his neighbour, both would be subject to the same variations, so far as the currency was concerned. If money were less abundant, flour, sugar, pork, cloth, and iron would feel its effects precisely as cotton felt them, and though he might obtain less money, he would have precisely the same quantity of the commodities for the purchase of which he required to have money. The proximity of the consumer and the producer tends, then, to lessen the difficulties resulting from changes in the currency by which land and labour are always the chief sufferers.

The object of the colonial system was that of compelling the farmers and planters of the world to make their exchanges in a distant market, and thus to *increase the time* within which such risk must be borne, *adding thereto* all those which result from *distance*. When the Hindoo exchanged his cotton on the spot for cloth, the prices of cotton, cloth, and labour were governed by the same circumstances, for the exchanges were made on the instant. To make his exchanges now, two years' time are required, and he is, during all that period, subject to the risk of changes like those which have marked the years 1847 and 1848. His pursuit is rendered one of mere gambling, without the advantage of holding his own cards, although bound to pay the losses.

All the losses he and his fellow-planters *do pay*, as will be seen by those who will study out the working of the system. The cotton, the wool, the sugar, and the food of the world are sent to England for exchange. Her people buy and sell on the instant, the time that is required to elapse between the purchase of the wool and the sale of the yarn not exceeding a single week. If yarn fall, so does cotton. If cotton rise, so does yarn. The whole loss from changes of currency resulting from time and distance is thus thrown upon the planter. The whole gain resulting from the diminution of the risks of both goes to the proprietor of the small and easily transported spindle, the cost of which is as nothing when compared with the cost of the great machine required for producing the wool.

The nation that thus desires to compel all the other nations of the world to bring to her their products, that they may there be measured by her standard, ought to be able to show that it is one the length, or the contents, of which must, under any and every circumstance, remain unchanged. The standard of weight and that of length are fixed and unchangeable. So should be that of value. Far, otherwise, however, is it. The control of that great and important standard for the measurement of the values of the world is placed in the hands of the bank of England, the directors of which have proved their utter incompetency for the important business delegated to them by bringing the institution, at four different periods within the last thirty years, within the jaws of bankruptcy. Their object is to make large dividends, and, to accomplish that object, money is, as it is called, made plenty; that is, the directors overtrade largely, and thus block up the capital of individuals who find themselves compelled to take from the bank evidences of debt (certificates of deposit) not bearing interest, when they would have preferred other evidences bearing interest, and would have obtained them at reasonable prices had not the bank commenced to overtrade. With every increase of this indebtedness, called deposits, the bank considers itself richer and overtrades further, until at length speculation is produced, railroads are made, ships and houses are built, and then the day of settlement

arrives, when the bank crushes everybody in the effort to save itself. The standard of value shrinks to half, and the owner of fixed property finds himself ruined, while the planter obtains threepence where he had looked for sixpence, and the farmer is brought in debt for charges on his food where he had looked to realize a dollar a bushel.

The man of England, who buys cotton and sells yarn or cloth, suffers little from those changes. On the appearance of the first sign of change, he shortens his hours of work, or diminishes the number of his hands, and then, when the time for it arrives, he closes his mill. His work-people are thus, in whole or in part, deprived of wages, and rendered unable to purchase food or clothing, the consequence of which is diminished demand and reduced prices for both, and thus are all the losses thrown upon the farmers and planters of the world, who are ruined by the necessity for dependence on a country which desires to establish for itself a monopoly of machinery for the supply of iron and for the conversion of wool into cloth, with all of which they might supply themselves *at less cost than is now imposed upon them in each and every year.*

It is usual to attribute the disasters of the period from 1836 to 1842 to derangements in our currency, proceeding from erroneous action at home; but those who examine more carefully will find that they were themselves effects resulting from other causes, as I propose now to show.

It is usual to talk of capital as money; but money is only the standard by which commodities are measured, and a very small quantity of the one suffices to measure a large quantity of the other. The same dollar may be used a thousand times in a week, each time acting as the standard by which labour, flour, cotton, sugar, &c., have been measured. The man who has sold a cargo of sugar has acquired a credit with somebody by aid of which he may obtain a cargo of flour. The borrower from a bank has acquired a credit which he transfers to his neighbour, and that neighbour transfers it to a third, who divides it among his workmen, and by its aid they obtain food, clothing, and shelter.

Whenever the daily demand for labour and its products is equal to the daily supply, the rate of interest, or the price of capital seeking investment, will remain stationary, to the great advantage of the owners of landed and other fixed capital. Whenever, by reason of any cause whatever, the daily demand is less than the daily supply, the accumulation of unemployed capital begins. There are fewer houses built, and the consequence is, that there is less demand for labour, the price of which falls, and the power to consume food and clothing is diminished. The demand for iron and cotton is lessened, and furnaces and mills cease to be built, and the power to consume food and clothing is thus still further diminished. With each step in this progress, there is a tendency to the accumulation of unproductive capital. One man has it in the form of iron, another in that of cloth, a third in that of labour, and a fourth has it in the form of a debt due to him by a bank which pays him no interest. By degrees the iron and cloth pass off to be consumed, and, as their owners do not desire to reinvest the proceeds, they take a further credit on the bank, which still pays no interest. In this manner capital is blocked up, deposits accumulate, the rate of interest necessarily falls, and the prices of existing securities rise.

With this rise comes a desire to create more investments similar to those which still continue to pay interest, and there is a rush to seize on those supposed to possess greater advantages than others. Speculation begins, and prices run up rapidly. Having reached the zenith, the downward course begins. Thenceforward the progress is rapid, and fortunes disappear in a mo-

ment, leaving not even "a wreck behind." The capitalist, after having been for a long time deprived of interest, now loses the capital itself.

By the laws of 1832 and 1833, railroad iron, French merchandise generally, linens, and other commodities, were freed from duty. Some descriptions of woollen manufactures were reduced to ten per cent., and a general reduction was established, commencing in 1833, and increasing biennially thereafter, until there should be reached a uniform rate of 20 per cent.

The passage of these laws diminished the demand for capital to be employed in the making of iron. As they came gradually into action, there was a diminution in the tendency to build mills. In place of producing iron and cloth, we bought them on credit. Capital accumulated, and the prices of dividend-paying stocks rose. Next, companies were established for making railroads, and States made roads and canals, for which the iron and cloth were bought on credit. The difficulty of employing capital in the East caused it to seek investment in the South and South-west, there to be employed in the making of banks and roads, and there to be sunk for ever. The day of payment came. The iron and cloth had been used, and the certificates of debt given in exchange for it were abroad. The banks were heavily in debt to the persons whose capital had accumulated in their hands, and not being able to pay they had to stop, and thus commenced a period the most disastrous to the labourers and the owners of capital fixed in land, houses, and roads, that the country has ever seen.

An examination of the tables I have furnished will show that, during this period, the productive power of the country was stationary. Capital was in demand for distant speculation, but for little else. Houses, ships, factories, mills, furnaces, and all other of the modes of investment by which value is given to land, felt the effect equally, and thus, while the labourer suffered in the diminution of wages, the land-holder suffered in the diminished value of land. Had the roads and canals of 1835 to 1839 been based upon home-made cloth and iron, they would have produced unmixed good; but being made with *borrowed* cloth and *borrowed* iron, they were accompanied by a general deterioration of condition throughout the community, resulting in the disgrace of bankruptcy and repudiation.

By those who will trouble themselves to look below the surface, it will readily be seen that the state of things here described is precisely that now existing, and that the process at present going on is the same that brought ruin eight years since. Companies obtain large quantities of English iron upon securities that would not be received in this country, and when the day of defalcation shall come, as come it must, the cry of American bankruptcy will be as rife throughout Europe as it was but five years since. Scarcely a week elapses that does not bring with it a notice like the following, *and yet the quantity of iron consumed is less than when it was produced at home, and paid for in labour that is now being wasted.*

"The agent who went to England, to purchase iron for the Great-Western Railroad of Illinois, has returned in the Cambria, with proposals to furnish the whole quantity required for the road from Cairo to Chicago, receiving in payment the six per cent. sterling bonds of the Company, payable in London."

Capital is said to be abundant, and interest is low—for those who have unquestionable securities. The reason is, that the natural outlets for capital are closed.* Iron is superabundant, and furnaces are not built. Coal is superabundant, and mines are not opened. Cotton cloth is superabundant, and mills are not built. Ships are superabundant, and the building of ships,

* It would be nearly impossible to find a mode of investment tending to produce demand for labour, in which capital could be profitably employed, and hence it is that there is so universal a demand for bank charters.

brigs, and schooners, is diminished. We are buying on credit the cloth and iron we should be making, while the labour and capital that should be employed in their production seek in vain for employment. The heavy sufferers are, and are to be, labour and land. The broker takes his usual shave for the notes which pass through his hands, and the grocer charges his usual cent per pound on sugar, but the furnace is closed, and with it the demand for food and labour—the mine is abandoned, and the miner suffers from want of clothing—the constructor of railroads obtains no dividend, and the desire to make roads as an investment of capital has passed away, and with it the demand for labour, food, and clothing. By degrees, the same results must be experienced by every interest of the nation. The return to labour is diminishing, and the value of land, houses, ships, railroads, and every other species of property, is dependent on the extent of that return—rising as it rises, and falling as it falls.

The nearer the consumer and the producer can be brought to each other, the more perfectly will be the adjustment of production and consumption, the more steady will be the currency, and the higher will be the value of land and labour. The object of protection is to accomplish all these objects, by bringing the loom and the anvil to take their natural places by the side of the plough and the harrow, thus making a market on the land for the products of the land.

Of all the commodities in use by man, there are none that contribute so little to his comfort or convenience as gold and silver. They are useless for the clearing or draining of lands, the building of houses or mills, or the construction of ships or railroads. They can be neither eaten, drunken, nor to any extent worn. Nevertheless, of all they are the two whose arrival and departure are most carefully chronicled.

Ten furnaces and rolling-mills, capable of producing in a year three millions of dollars' worth of iron, may close without producing even a passing remark from a newspaper, but no vessel can arrive or depart, with fifty thousand dollars in gold, without the arrival being noticed in half the papers of the Union.

The factitious importance thus given to the precious metals is one of the effects of the colonial system, which demands that all the commodities of the world shall be brought to one market, there to be submitted to one standard. Its effects at home have been to make every man a seller of almost all he produces, and a buyer of almost all he consumes.* "In our social system," says the accomplished traveller, Mr. Laing,† "every man buys all he sells, and sells all he produces. The very bread of our labourers," he continues, "is often bought at the manufacturer's shop." The system has converted a large portion of the little occupants into hired labourers, receiving from six to nine shillings a week,‡ and occupying poor houses in poor villages, where

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* "The evil of our economical system is, that too many of us live by wages. When masters suffer, the servant starves. When wages stop, he has nothing to fall back upon. When he would eat, he has every thing to buy—and, wages stopped, where has he to buy with? But the seed-time and harvest of the spade husbandman never fail him. He may lose a crop, but something is still left. When the slug takes his patch of wheat, he can kill him, or thrust in cabbages, or barley, or vetches, or something. The cow will yield her milk, whether ports are open, or discounts are raised. Take labour out of the market, and wages rise—the great body of consumers possess better means of payment, and manufacturers and tradesmen flourish by cheap food and better wages. The farmer is relieved in his rates, and the landlord gets a better rent for his land."—*The Mother Country, by Sidney Smith.*

† Notes of a Traveller, page 152, American edition. ‡ See pages 113—117, *ante.*

they are compelled to waste much of the time that would, under a different one, be employed with infinite advantage to themselves and others.*

The man who exchanges directly with his neighbour food and labour for coal or iron, has little need of money. He exchanges labour for labour, and if the account do not adjust itself, it is frequently balanced by the transfer of the difference to the credit of another, and thus is there established in every community in which men combine their exertions, a sort of *clearing house*, quite as effective in its operations as the celebrated one of London.†

The man who sends his cotton to Liverpool or Lowell, trades altogether for money. He desires to know how much gold he can have for a bale, and how much iron he can have for a pound of gold. He uses machinery with which the others can dispense.

Whatever tends to increase the quantity of machinery required for the accomplishment of a given effect, tends to increase the friction and augment the power required for its accomplishment. Such is the case here. The *necessity* for using gold tends to introduce a new and powerful cause of disturbance in the operations of the planter, and greatly to augment the cost of them, thus increasing the friction and diminishing the effect. Gold and silver are reduced in weight by abrasion, and *for all this loss the producer and the consumer pay.* The exchanger pays nothing. He lives at their cost.

Twenty-five years since, we thought much of gold or silver, for we were

* "One principal cause of the extraordinary productiveness of land, under the management of small occupiers, is, that all or most of the cultivators are directly interested in the success of their labour; they work for themselves, and consequently with an ardour which cannot be expected from hired labourers. Every farmer might, however, make his servants almost equally zealous in his cause by altering the mode of remunerating them. If, instead of being paid a fixed rate of wages, they were entitled to a certain proportion of the crops, they would strive to make the crops as abundant as possible. * * * Nothing more is wanting to cure over-population than to make people comfortable, and to make the continuance of their comforts dependent on themselves."—*Thornton on Over-population.*

† Such are "the protective societies" established in New England, in which workmen supply themselves with the various commodities required for their consumption. They desire to dispense as much as possible with the services of the exchanger, as common sense would teach all men to do. I take the following paragraph, illustrative of this movement, from one of the journals of the day:—

"Mr. Kaulback, the purchasing agent of the several protective unions in New England, has paid for the purchase of goods for the quarter ending January 1, 1850, the sum of $102,000, being an increase of some $23,000 over the previous three months. This is an important branch of trade that has recently grown up among us, the more so as it is a cash business, no credit in any case ever being asked for. There are now in active operation 109 union cash stores in New England, nearly all stocked by the above-named agent."—*Boston paper.*

One of the most remarkable cases of combination of action is now going the rounds of the newspapers. Captain Geo. Kimball determined to build a ship in a remote district of Maine, and there, "alone, a company of one, without capital, in a forest, at a distance even from deep water, he commenced his noble enterprise. He was soon joined by a single man, in a few weeks others followed; women contributed provisions, and the farmers sent in cattle which were exchanged for materials for ship-building. The novelty of the undertaking attracted adventurers from a distance, and experienced shipbuilders and joiners arrived to give their strength and skill to the work. All who aided in the enterprise, whether men, women, or children, received their proportionate share in the ship. In April last the work was commenced, and in November she was launched, a splendid ship of more than six hundred tons burden, and christened the 'California Packet.' She is now in Boston with her passengers on board, those who built and own her, and to whom she is now a home. We need not say that the men and women who compose this company are specimens of our New England population, to whom we can refer with pride."—*Boston Transcript.*

then obliged to export them. Under the tariff of 1828, we imported them, and then they were little the subjects of thought. Under the Compromise, there came a demand for so much coin that we became bankrupt, and then came a rage for gold. Under the tariff of 1842, we imported much gold, and the idea ceased to occupy the public mind. Under the tariff of 1846, we have exported much, and have run largely in debt, preparatory to a demand for gold. When that shall come, it will again be sought for as it was in 1842.

Among the evidences of the wastefulness of the existing system may be found the rage for increasing the number of places at which gold is to be weighed and marked—called mints. The mint neither adds to the quantity nor improves the quality of the thing that is minted, and yet it is now proposed to spend six or eight hundred thousand dollars in making an addition to the number of buildings in which this work is to be performed, although there are now far more than are needed for the work that is to be done. The object in view is the saving of freight and interest. Were the government to receive bullion in New York, paying for it at full price, and then to transport it at its own cost back and forth, the freight and interest would not amount to half as much as the salaries of the officers, and were the same capital applied to the building of furnaces, it would erect as many as would *produce* as much iron as would pay for more than half the gold and silver coined in the year 1848, the amount of which was $4,450,000. It is time that the planters and farmers of the Union should look to these matters for themselves, for they it is that have to suffer by the waste of capital.

Striking evidence of the diminishing power of the people of Great Britain and Ireland to obtain the comforts and conveniences of life, may be found in the following statement of the quantity of gold and silver plate, including, of course, spoons, forks, and other articles of daily use, stamped at the following periods:

Year.	Population.	Gold-plate ounces.	Silver-plate ounces.	Value of bullion per head.
1801—10	17,000,000	5,471	1,015,147	6½ cents.
1810—29	21,000,000	6,926	1,209,616	6¼ "
1839—47	28,000,000	7,011	1,118,550	4·45 "

The last thirty years have witnessed the passage of a series of laws tending to compel the people to use more gold and silver; yet, with the extension of the system, their ability to be customers to the men who mine those metals has declined almost one-third. The market of the miner is diminishing as well as that of the planter.

With the diminution of the *necessities* of man there is a constant increase of his *powers*. The furnace and the mill diminish his necessity for going to the distant market, while giving him roads by which to seek it at his pleasure. The ship brings immigrants to eat the food and wear the cotton, and the freight received from them tends largely to diminish the cost of sending food and cotton to distant lands. So is it with gold. The nearer the consumer and producer can be brought together, the less is the *necessity* for it, and the greater the *power* of obtaining it. The tendency of the tariff of 1846 is to increase the *necessity* for it and diminish the *power* of obtaining it, because it tends to diminish the value of both land and labour.

CHAPTER EIGHTEENTH.

HOW PROTECTION AFFECTS THE FRIENDS OF PEACE.

THE more spades and ploughs employed, the larger is the return to labour. The more perfectly peace is maintained, the greater is the number of persons who may employ themselves with spades and ploughs, the more rapid must be the increase of production, and the larger must be the reward of the labourer and the capitalist.

The more swords and muskets employed, the smaller must be the return to labour. The more wars are made, the greater must be the number of persons employing swords and muskets, the slower must be the increase of production, and the smaller must be the reward of the labourer and the capitalist.

Protection is said to be a "war upon labour and capital." If it be so, it must tend to promote war. We are urged to adopt measures for maintaining *the monopoly system* of England, and are assured that, by doing so, we shall contribute to the establishment of peace. To prove that such would be the effect, it would be necessary to show that the colonial system had heretofore tended to the accomplishment of that great end.

If, however, we examine what has been the cause of most of the wars of the last hundred and fifty years, we shall find that it has been the desire for the possession of colonies whose people could be made "customers," and thus taxed for the support of the country that ruled over them. France had Canada, and she desired the country west of the Mississippi; she had islands in the West Indies, and she wanted more. England had some and wanted more. France and England were both in India, and, to settle the question which should tax the whole, that country was desolated by the march of contending armies during a long series of years. France had colonies to lose, and hence the war of 1793. France wanted colonies in the Mediterranean, and hence the rupture of the peace of Amiens, and the series of wars that closed with Waterloo. Since that time we have had a succession of wars in India for the extension of British power over Ceylon, Siam, Affghanistan, Scinde, and the Punjaub. The chief object of the war with China was that of compelling her to open her ports to foreign commerce, and it was accounted a righteous enterprise thus to compel the poor Chinese to open their eyes to the blessings of free trade. At the Cape, the war with the Caffres has cost millions. France, not to be outdone, seized on Tahiti, and deposed its poor queen; and at this moment makes war on the poor Sandwich Islanders, because they will not permit her to do with brandy as England in China did with opium. One portion of the English nation sells powder to the people of Africa, to enable them to carry on wars in which they make prisoners, who are sold as slaves, while another portion watches the coast to see that the slaves shall not be transferred to Cuba or Brazil. The anxiety for colonies has caused the waste of hundreds of thousands of lives, and hundreds of millions on the worthless Algeria. Thus everywhere it is the same; everywhere the anxiety for trade is seen stimulating nations to measures tending to the impoverishment and destruction of their fellow-men.

The power to make war depends upon the high or low valuation of man. Russia makes war readily, because men are cheap. France supports large armies at small cost. The East India Company's army consists of many hundred thousand men. Men in India are cheap. Belgium supports but a small army, because men are more valuable. England is weighed down by her fleets and armies, because wages are higher than on the continent, and she is therefore compelled to depend on voluntary enlistment. Could the price of men be raised, she would be compelled to dispense with fleets and

armies, and the necessity for colonies would cease to exist. Throughout the world, armies have been large where men were held of small account, and throughout they have tended to become less valuable as armies became more numerous.

The cause of war is to be found in the diminished or diminishing productiveness of labour, as our own experience shows. The increasing difficulty of obtaining the means of support, from 1835 to 1842, produced the dispersion of men that led to the war in Florida, the occupation of Texas and Oregon, the difficulty with Great Britain, the war with Mexico, and the occupation of California; and this latter is now leading us into discussions with Great Britain about the rights of the Mosquito king, which, but for the dispersion to California, would interest us little more than would those of the King of Bantam. The colonial system is with us, as with all, the avenue to war, because it tends to diminish the value of labour and land.

When we look to the internal condition of those nations that, from an anxiety for "ships, colonies, and commerce," have been always engaged in wars, we find it a scene of universal discord. Louis Philippe maintained fleets and armies, engaged at one time in the subjugation of Algeria, and at others in the seizure of Tahiti, and in similar enterprises elsewhere. The unproductive class increased in numbers, and the burden to be borne by the productive class increased in weight until the explosion of 1848, followed by barricades of towns, and by a series of disturbances producing a necessity for increasing still further the number of unproductive consumers, men carrying muskets, required to secure the maintenance of internal peace. England maintains large fleets and armies for the protection of commerce and colonies, and her whole empire is "a scene of rude commotion." At home, we see her chartists attempting revolution; in Ireland, monster meetings and efforts at separation, followed by appeals to arms; in Canada, efforts at revolution, followed by the present determination to effect peaceable separation; in the West Indies, universal discord among the employers and the employed; in India, perpetual difficulties, and everywhere a necessity for maintaining large armies for the purpose of maintaining internal peace, or, in other words, for preventing those who have property from being plundered by those who have it not, and enabling those who are strong to tax those who are weak.

With the gradual diminution in the productive power of the people of England, we see an increase of discord between the employers and the employed; strikes becoming more numerous, and accompanied by more serious results, the destruction of buildings and machinery being added to the injury resulting from long suspensions of labour. In Scotland, the population of whole districts is expelled to make way for sheep, while other districts present to view outrages similar to those exhibited in the lands further South. In Ireland, we see a scene of almost universal war, the land-holder in one place expelling his tenants and destroying their houses, while in thousands of others tenants are seen carrying off and secreting their crops, to avoid the payment of rent.

If we look at home, we see similar events resulting from every attempt to throw down the barrier of protection and assimilate our system to that which has produced the ruin of the British colonies. At no period of our history has there prevailed such universal discord among employers and employed as during the last few years of the Compromise act. The productiveness of labour was, as we have seen, gradually diminishing, and the employers were unable to pay to the employed such wages as would enable them to obtain the same amount of conveniences and comforts as they had before enjoyed. The year that has now closed has been signalized by the same state of things

throughout the coal region, as labour became less productive. At one time we have had turn-outs among coal operators, and at another among miners and labourers, and the result has been that the year has been one of almost total loss.

If we compare with this the period that elapsed between 1844 and 1847, we see in the latter a steady increase in the productive power, attended by an increasing tendency to harmony among employers and employed, the natural result of improvement of condition.

The exhaustion resulting from the maintenance of the colonial system thus produces a tendency to turbulence and radicalism that compels the maintenance of armies, followed by further exhaustion, and all the injurious results are borne by labour and land. Consumption cannot exceed production, and whatever decreases the proportion which hands to produce bear to mouths to be fed and backs to be clothed, diminishes the share of food and clothing that falls to each. England now raises almost seventy millions of taxes, very many of which are required for the payment of those employed in the work of collecting the remaining millions that are paid into the treasury. To these millions raised by the State must now be added eight millions for the support of one-ninth of the population of England who are paupers, and many more for the support of the paupers of Ireland. Here is a burden of above four hundred millions of dollars, the whole weight of which is to be borne by the labour and land of England and of the world, and ultimately by her land alone. The people can fly, but the land cannot. The power to pay rent depends upon the power to make the land produce, and, as that increases with increase of numbers, and improvement in the physical, moral, and intellectual condition of the labourer, it diminishes with diminution of numbers and deterioration of condition. In the three years ending with 1845, the consumption of spirits, domestic and colonial, amounted to . . . . 23,422,295 galls.
In the three years ending in 1848, it was . . . 25,326,861* "
showing a tendency to inebriation increasing with the diminishing power to obtain in return for labour a suitable reward.

Demoralization produces pauperism, and pauperism increases demoralization, and the inebriate paupers must be supported out of the products of the land. The surplus food of Russia has diminished cultivation in Ireland, and has, of course, diminished production. England is now overrun with Irish labourers and paupers, and what has happened in Ireland must follow in England. More corn will continue to be imported, and more cotton goods will be exported; but the products of the land, out of which rent and taxes are to be paid, will diminish, and, while the mouths to be fed will increase in number, the food with which they are to be fed will continue to diminish in quantity. The corn-laws constituted the barrier of the land-holders of England against the effects of the system by which England was deteriorating the value of labour and land throughout the world. Their abolition tends to bring it daily more and more upon themselves, and the only remedy is to be found in the abolition of the colonial system and the suppression of the fleets and armies which its existence renders necessary. The diminution of unproductive consumers will be attended by an increase of productive ones, and the exports of England will then again represent home-grown food, to be returned in sugar, tea, coffee, and cotton, and with every step in that direction the necessity for taxes will diminish, and the power to pay them will increase.

If we look at home, we see a tendency to increase in the necessity for taxa-

* This fact is adduced by the *Edinburgh Review*, July, 1849, as one of the evidences of the advantage resulting from free trade.

tion with every step towards subjection to the colonial system, and diminished tendency thereto as we move in the opposite direction. The expenses of the government under the administration of Mr. Monroe averaged thirteen millions. Those of the administration of Mr. Adams averaged little over twelve millions. During the existence of the tariff of 1828, and in the early period of the Compromise, we find the expenditure maintained at thirteen millions, but with the gradual dispersion of population we arrive at the Florida war, and an expenditure of thirty, thirty-seven, and thirty-three millions in three successive years, and afterwards falling gradually until we find it at twenty millions in the period of 1843 to 1844. With the adoption of free-trade doctrines, we find an increasing tendency to war, and the expenditure rising to sixty millions. Looking at all these facts, it is difficult to arrive at any other conclusion than that protection tends to increase the demand for spades and ploughs, and the reward of labour, and to diminish that demand for swords and muskets which leads to the destruction of both the labourer and the plough. The friend of peace is therefore directly interested in the destruction of the English monopoly of machinery.

If protection be a war upon labour and capital, we should find it attended with diminished production and increased expenditures. If, on the contrary, it be, as its name imports, protection to both labourer and capitalist, tending to augment the value of the labourer, then it should be attended with increased production and diminished expenditure. We have now before us the fact, that, while the government, from 1824 to 1833, was administered at about one dollar per head, the cost of administration rose in the free-trade period to more than two dollars, to fall again to one in the period of protection, and to rise to almost three in the present free-trade one.* Protection looks homeward. Free trade, under existing circumstances, looks abroad, and needs fleets and armies, with hosts of officers, great custom-houses and warehouses, branch mints in California and New York, ministers plenipotentiary and chargés without number abroad, and hosts of officers at home, to be supported out of the proceeds of labour and land. The one looks to cheap and good government; the other to a splendid one, profitable to the governors, but fatal to the governed.

We have seen that under protection the value of labour at home has increased, and that therewith there has been an increase in the power of consuming foreign commodities, such as we do not ourselves produce. We have also seen that while it tends to increase the importation of people from abroad, it tends likewise to facilitate the transmission to Europe of our bulky commodities, by enabling us to send them at almost nominal freights, and that thus, while it raises the value of labour throughout the world by diminishing the number of persons seeking employment, it also raises it by enabling those who remain abroad to obtain sugar, cotton, coffee, and the other productions of the West, at diminished cost. The way to promote harmony among nations, and in the bosom of nations, is to increase the value of man, and such has been, and must continue to be the result of protection. That object once accomplished, all necessity for custom-houses, whether for protection or for revenue, will cease.

The man who contributes to the support of war makes war, and if he does it voluntarily he is accountable for the results thereof in the deterioration and

* Independently of the amount of money paid for the expenses of the Mexican war and the purchase of California, ninety thousand land warrants have been issued to soldiers who served in the war, giving to them as bounty 13,800,000 acres. Estimating this land at the government price, $1 25 an acre, we have an aggregate of $17,230,000.

destruction of his fellow-men. Of all the people of the world, there are none who have contributed so largely as ourselves to the maintenance of the fleets and armies by which Ireland has been ruined, and war has been carried throughout Europe and Asia. So far as we have done this voluntarily, we are as much responsible for the destruction of life and property in China, Scinde, Affghanistan, and the Punjaub, as the men by whose command these things were done.

We have seen that England produces little to export, yet is she enabled to consume much. The producer obtains little for his cotton, yet the labourer obtains little clothing for the time employed in converting the cotton into cloth. The sugar-planter obtains little iron for his sugar, yet the miner has little sugar for his labour. The tobacco-grower has little cloth for his product, but the spinner can consume little tobacco. The reason for all this is to be found in the fact that between the consumer and the producer stands a host of exchangers, the greatest of which is that which collects taxes to be paid out for the support of fleets and armies. Every pound of cotton that travels on an English railway, contributes its proportion to the £108,000 of taxes paid by the single London and North-western railway, the £68,000 paid by the Great Western,* or some other of the immense sums paid by other railways. Every pound of tobacco pays 3*s.* = 72 cents, towards the maintenance of the fleets and armies of Great Britain, in addition to its share of the taxes on warehouses, bills of exchange, promissory notes, and of the thousand other taxes paid by the various persons who stand between the producer and the consumer. These men produce nothing themselves, and their taxes must be paid for them by the land and labour that do produce—whether it be foreign or domestic.

England is now the great war-making power of the world. It is by means of the monopoly of machinery for the production of iron, and for the conversion of cotton into cloth, that she is enabled to tax the world for the maintenance of her fleets and armies,† for the prosecution of those wars. To destroy her power to make war would be to bring about peace. Protection tends to limit her power to tax the farmers and planters of the world, and thus to limit her power to raise revenue for the payment of soldiers and sailors, while it tends to raise the value of man, and thus make soldiers and sailors more costly. In both ways it tends to diminish the power to maintain fleets and armies, and to promote the maintenance of peace. Every friend of peace is therefore bound to use his efforts for the destruction of *the monopoly system.*

The London *Times* recently published, with approbation, a letter from the East Indies—from a British officer engaged in the battle of Goodjerat, from which the following is an extract. It is deserving the careful consideration of every man who has heretofore aided in the maintenance of the system :—

"The enemy were in the sands trying to escape, and our men *knocking them over like dogs.* . . Some of our men screamed out, 'They are off!' Fordyce's troops went off at a gallop, our men giving them three cheers—such cheers—*it was a perfect scream of delight and eagerness!* and you may be sure I assisted and yelled till I was hoarse! . . . Every wounded Sikh was either shot or bayoneted (!!) . . I rushed up with a few of the grenadiers, and found four men re-loading their pieces; three were bayoneted, *and I was hacking away at the head of the fourth,* when Compton, of the grenadiers, shot him. The

* North British Review, August, 1849.

† Sir Charles Napier has addressed a letter to the public, which fills five closely printed columns of the Times, upon the subject of the navy and its expenses. The sum and substance of what he says seems to be, "that we have spent about ninety millions sterling during the last twenty-eight years in rebuilding our navy twice over, and now we cannot even find the fragments." Such are the results of the system of "ships, colonies, and commerce."

last shot was fired at an unfortunate Goorer in the camp, who was seated quietly reading their Grunth! . . . We waited at this place about two hours; and I can assure you they were about the *jolliest two hours* I ever passed. I never enjoyed a bottle of beer so much in all my life!"

CHAPTER NINETEENTH.

HOW PROTECTION AFFECTS THE EXCHANGER.

The exchanger stands between the producer and the consumer. He himself produces nothing, although consuming much, in exchange for which he gives only services. He buys a bale of cloth and divides it among the consumers, giving a piece to one and a yard to another, but he makes no change in the quantity or quality of the commodities that pass through his hands. The bale of cloth would clothe as many men, and the cargo of flour would feed as many, without his services, as with them. Nevertheless, the exchanger takes rank before the producer. The merchants of London, of New York, and of Boston, have more influence over the action of government, and over public opinion, than twenty, fifty, or even one hundred times the number of men whose every hour is given to increasing the quantity and improving the quality of things necessary to the use of man.

The reason that such is the case is that the present system of trade tends to increase the *necessities* of the producers for going to distant markets, and to diminish their *power* so to do. When the producer of iron takes his place by the side of his producer of food, the latter exchanges his potatoes, his cabbages, his veal, his milk, and his butter, directly with the former, and obtains his iron at little cost of labour. He is thereby enabled to improve his wagon and his roads, and to go to market cheaply, thus increasing his powers while diminishing his necessities. The more distant the consumer and the producer, the greater must be the quantity of machinery of exchange, and the poorer must be its quality, and every such change in regard to either tends to the impoverishment of the farmer and planter.

Such being the case, it might be supposed that here was a case of discord. The exchangers would suffer by the adoption of measures tending to bring the consumers to take their places by each other. Directly the reverse, however, is the fact. The quantity to be exchanged depends on the extent of the *surplus* that is produced, and that increases with prodigious rapidity as the power of production is increased. The man who produces no more food than is absolutely necessary for his own consumption, has nothing to exchange for cloth or iron. Once fed, he may exchange the whole surplus, whatever it be, and therefore it is that the amount of exchanges increases with such wonderful rapidity when production increases, as was the case from 1843 to 1847.

The larger the return to labour applied to production, the less must be the necessity for seeking employment in the work of exchange, and the less will be the competition in trade. Our cities are filled with young men from the country who would have remained at home among parents and friends, had the cotton or woollens factory, the furnace or the rolling-mill, been there to give them employment; but as it was not there, they have been compelled to add themselves to the already almost infinite number of clerks, hoping, and vainly hoping, to obtain stores or shops for themselves. By bringing the consumer to the side of the producer, such young men would, in future, remain at home to swell the number of producers, and to increase the amount of production, enabling each exchanger to perform a larger amount of business, and to grow rich with the same rate of commission that now keeps him poor

It is asserted that of all the persons engaged in trade, in our cities, four-fifths fail. The cause is to be found in the fact that so many are forced into trade, for want of being enabled to apply themselves to production, and that when there they are exposed to the effects of the enormous changes which result from the existence of the English monopoly system. Iron sells at one time at ten pounds, and soon after at five. The man of small capital, who has a stock on hand, is ruined. Cottons and woollens change in like manner. At one moment England desires to sell iron and cloth in exchange for certificates of debt, and money is said to be plenty. At the next, she asks to be paid, and money becomes scarce. The little capitalist is ruined by the change. The consequence is, that our cities are filled with men who have adventured in trade, and failed.

In England, these disastrous effects are far more widely felt. The country is filled with young men anxious to be employed in any department of trade, for in the work of production can be found no demand for time or mind, unless accompanied with large capital. The consequence is a perpetual strife for obtaining even the means of subsistence, among shopmen, clerks, and journeymen,* while the unceasing changes carry ruin, at brief intervals, among the employers. The last three years have seen to disappear a large number of the principal trading firms in the kingdom, and the exhibits they have made of their affairs afford proof conclusive of the ruinous character of the system. In Liverpool, at one time, there were 7000 houses and stores unoccupied. What had become of those who had been their occupants?

The tendency of the whole system is to produce a *necessity* for trade, and to diminish the *power* to maintain trade. "Commerce," there, "is king," and like other kings, he is exhausting his own subjects. Having plundered and ruined India, the West Indies, Ireland, Portugal, and all other countries subject to his control, he is now doing the same at home. With every step he is diminishing the power of applying labour to production, and increasing the necessity for looking to trade as the only means of employing time, talent, or capital, with constantly decreasing return to all; and hence it is that so large a portion of the people of the United Kingdom desire to escape to other lands, where Commerce, finding in agriculture and manufactures his equals, cannot be king. In his proper place he is most useful, but as master he has always proved a tyrant worse than any recorded even in the annals of Rome. The object of the colonial system was that of making him master, and its effects are now felt at home as well as abroad. The object of protection is to put an end to his tyranny, and to bring him back to his true condition; and among the whole people there are none whose interests are more to be promoted by the accomplishment of that object than those who are now engaged in commerce, because with every step it will increase the amount of exchanges to be performed, without a corresponding increase in the number of exchangers.

* "Fourteen hundred tailors are now in London totally unemployed, and hundreds daily applying for relief to the houses of call; the funds are, however, exhausted. Nine hundred shoemakers out of work have their names on the books, and seventeen hundred are working for half wages. The curriers and leather-dressers are in the same situation. There were never known so many working jewellers out of employ, and meetings of the trade are now holding to petition parliament for protection against the competition of foreigr labour."—*Morning Post.*

CHAPTER TWENTIETH.

HOW PROTECTION AFFECTS WOMAN.

With every increase in the value of labour and land, the condition of woman is improved. With every improvement in her condition, she has more leisure to devote to the care of her children, and to fitting them worthily to fill their station in society, giving value to labour and land. If protection be "a war upon labour and capital," it must tend to diminution in the value of labour and land, and to deterioration in the condition of the weaker sex. How far that is the case we may now examine.

Throughout a large portion of this country, the time of women is almost entirely valueless. They would gladly work if they could, but there is no employment but that on the farm, for which they are not fitted. Place in every county of the Union a mill, and there will thus be produced a demand for that now surplus labour, and the workers in the mill will obtain more and better food and clothing, and they will be able to obtain more and better clothing, and education, and books by which to improve their minds, and fit them to fill the station of mothers, to which they will then be called. For want of local employment the young men are forced to seek the cities, or to fly to the West, and thousands and tens of thousands of women remain at home unmarried, while other thousands also seek the cities in search of employment, and terminate their career as prostitutes, because unable to compete with the "cheap" labour of the unhappy subjects of the following article, which I take from one of the newspapers of the day:—

"The distressed needle-women of London have been made the object of a commission of inquiry instituted by the Morning Chronicle. Three gentlemen well known in literature have examined the state of this unfortunate class, and the result is, that there lives in London a body of about 33,000 women permanently at the starvation point; working at the wages of a few pence a day.

"The greater portion of these poor creatures, living, as they do, far beyond the social state, resort to prostitution, as a means of eking out their miserable subsistence; whenever the pressure threatens their extinction, then they turn into the street, and pauperism runs into inevitable vice. Since the disclosures of the Morning Chronicle, many humane persons have forwarded considerable sums of money to the office of that journal for distribution among the most necessitous objects; and Mr. Sidney Herbert has come forward to found a society for promoting their emigration. There is something like half a million of women in excess of men in Great Britain; there is a corresponding excess of males in the British Australian Colonies. The society above mentioned aims to bring these marriageable parties in contact; and it is hoped, that when once it is in operation, government will assist it with funds. It costs some £15 to transport a passenger to Australia. Now, if private benevolence raises a sum of £30,000, this will only relieve 2000 of the sufferers: a mere fraction, whose absence would not be sensible in the metropolis. It would require ten times that amount to lade out the misery to the proper extent, and also to satisfy the wants of the colonists."

"Commerce is king," and such are his female subjects. To the same level must fall all those who are under the *necessity* of competing with them, and such are even now the results of the approach to the system that looks to the maintenance of the English monopoly as being freedom of trade. The compensation for female labour is miserably small, even now, but it must fall far lower when we shall be called upon to settle the account for the modicum of iron, wool, silk, and earthenware that we receive in exchange for all our cotton, tobacco, rice, flour, pork, cheese, butter, *and evidences of debt.*

"So God created man in his own image, in the image of God created he him; male and female created he them. And God blessed them and said

unto them, Be fruitful and multiply, and replenish the earth and subdue it."

Such was the first command of God to man on earth, and, as he does or does not comply with it, he is found a moral or immoral being. If the association of man with his fellow-man tend to the elevation of character and to the promotion of civilization, how infinitely more is such the result of that intimate association resulting from obedience to the command, "Be fruitful and multiply." The relation of husband and wife, and that of parent and child, are both essential to the development of all that is good and kind, gentle and thoughtful. The desire to provide for the wife and the child prompts the husband to labour, for the purpose of acquiring the means of present support, and to economy as a means of preparation for the future. The desire to provide for the husband and the children prompts the wife to exertions that would otherwise have been deemed impossible, and to sacrifices that none but a wife or a mother could make.

The modern school of political economy says, "Be not fruitful; do not multiply. Population tends to increase faster than food." It prescribes disobedience to the earliest of God's commands. Obedience thereto, in those who are poor, is denounced as improvidence; and to those who are so improvident as to marry, "with no provision for the future, no sure and ample support even for the present," it is thought "important to pronounce distinctly that, on no principle of social right or justice, have they any claim to share the earnings or the savings of their more prudent, more energetic, more self-denying fellow-citizens."* To have a wife for whom to labour, and with whom to enjoy the fruits of labour, is a luxury, abstinence from which is placed high among the virtues. To have children to develope all the kindly and provident feelings of the parents, is a crime worthy of punishment. Charity is denounced as tending to promote the growth of population. To rent land at less than the full price, is an error, because it tends to increase the number to be fed. To clear the land of thousands whose ancestors have lived and died on the spot, is "improvement." Cottage allotments are but places for breeding paupers.

Southey denounced the Byronian school of poetry as "satanic," and so may we fairly do with the school of political economy that has grown out of the colonial system, and the desire to make of England "the work-shop of the world." It teaches every thing but Christianity, and that any feelings of kindness towards those who are so unfortunate as to be poor should still remain in England, is due to the fact that those who teach it have not in their doctrine sufficient faith to practise what they preach.

The direct tendency of the existing monopoly of machinery which it is the object of *free trade* to maintain, is towards barbarism. It drives hundreds of thousands of Englishmen to abandon mothers, wives, and sisters, and barbarize themselves in the wilderness, while of those who remain behind a large portion are too poor to marry, the consequences of which are seen in the immense extent of prostitution and the perpetual occurrence of child murder. In this country it is the same. Of the almost hundreds of thousands of men who have fled to the wilds of Oregon or California, a vast portion would have remained at home with mothers and sisters had the consumer been allowed to take his place by the side of the producer, as he would long since have done, but for the existence of this most unnatural system.

Among the women of the world, there is a perfect harmony of interests. It is to the interest of all that the condition of all should be elevated, and such must be the result of an increase in the value of labour. The object

* Edinburgh Review, October, 1849

of protection is that of raising throughout the world the value of man, and thus improving the condition of woman. Every woman, therefore, who has at heart the elevation of her fellow-women throughout the world, should advocate the cause of protection.

CHAPTER TWENTY-FIRST.

HOW PROTECTION AFFECTS MORALS.

THE moral man is sensible of the duties he owes to his wife, his children, society, and himself. He frequents neither taverns nor gaming-houses. His place is home.

The more perfect the morality the more productive will be the labour of a community, and the greater will be the power of its members to improve their moral and intellectual condition. If protection be "a war upon labour and capital," it must tend to the deterioration of morality and the diminution of the reward of labour.

The more equal the division of a community between the sexes, the greater will be the power to contract matrimony, and the higher will be morality. The monopoly system tends to expel the men and produce inequality in the number of the sexes, and thus to diminish the power to contract matrimony, thereby producing a tendency to immorality. The object of protection is to enable men to remain at home, and thus bring about equality, which cannot exist where the tendency to dispersion exists.

The more men can remain at home, the better they can perform their duties to their children. The monopoly system tends to compel them to perform their exchanges in distant markets and to separate themselves from wives and children. The object of protection is to bring the consumer to take his place by the side of the producer, and enable them to effect their exchanges at home.

The more directly the consumer exchanges with the producer, the less will be the disposition and the power to commit frauds. The farmer of Illinois has no object in adulterating his corn, because corn is cheap; but the miller of England mixes beans with the corn, because corn is dear. The planter of Alabama would gain nothing by substituting flour for cotton, because the latter is cheap; but the manufacturer of England does so because cotton is dear. The coffee planter delivers coffee. The English shopkeeper substitutes chicory for coffee, because the latter is dear. The inducement to fraud in these cases results from the distance between the producer and the consumer, which it is the object of protection to diminish. The shoemaker makes good shoes for his customers; but he makes indifferent ones for the traders who deal with persons that are distant. The gunsmith furnishes to his neighbours guns that will stand the proof; but when he makes others to be sold in Africa, he cares little if they burst at the first fire. The necessity for maintaining the monopoly of machinery now enjoyed by England leads to frauds and forgeries of every description, with a view to displace the foreign produce and deceive the foreign producer.* The *power* to commit

* As a specimen of this, I take the following from one of the journals of the day:

"We are surprised to see ginghams in market, sent out from England by the house of A. & S. Henry & Co. of Manchester, imitating the above goods in patterns, width, and style of finish. But a most palpable and unfair imitation is in the label, where, preserving the same general appearances as to size, colour of paper and ornaments, the word *Lancasterian* is substituted for *Lancaster*. That the whole is a manifest and intentional counterfeit, there cannot be a doubt. The goods will, undoubtedly, be sold for American Lancaster ginghams, to which they are inferior in firmness of fabric and permanency of colour, to the manifest injury of the profits and reputation of the American manufacturer – *Boston paper.*

frauds thus results from the distance between the consumer and the producer. Protection looks to bringing them near together, and thus diminishing that power.

The planter who exchanges on the spot with the iron-master and the miller, makes large crops and grows rich, and the gain resulting from successful frauds would be trifling compared with the loss of character. The one who is distant from both makes small crops, which are sensibly increased in amount by the substitution of stones in lieu of cotton or tobacco. The *inducement* to commit frauds here results from the distance between the consumer and the producer, and is diminished as the loom and the anvil come nearer to the plough and the harrow.

The man who makes his exchanges in distant markets spends much time on the road and in taverns, and is liable to be led into dissipation. The more he can effect his exchanges at home, the less is the danger of any such result. The object of the monopoly system is that of compelling him to effect all his exchanges at a distance, and to employ for that purpose numerous wagoners, porters, sailors, and other persons, most of whom have scarcely any home except the tavern.

The more uniform the standard of value, the less does trade resemble gambling. The object of the monopoly system is to subject the produce of the world to a standard of the most variable kind, and to render agriculture, manufactures, and trade, mere gambling. The object of protection is to withdraw the produce of the world from that standard, enabling every community to measure the products of its labour by its own standard, giving labour for labour.

The object of the English system is to promote *centralization*, and its necessary consequence is that of compelling the dispersion of man in search of food.* London and Liverpool, Manchester and Birmingham, have grown with vast rapidity by the same system which has exhausted Ireland, India, and the West Indies. The same journal informs us of the construction of a new town opposite Liverpool, of the great additions to London, and of the absolute necessity for promoting emigration from Ireland, Scotland, and even from England. As each successive province is exhausted, there arises a desire, and even a necessity for adding to the list. Bengal and Bombay having ceased to be productive, Affghanistan is attempted, and the Punjaub is conquered. The ruin of the West Indies is followed by an invasion of China, for the purpose of compelling the Chinese to perfect freedom of trade. The Highlands are depopulated, and Australia is colonized.

Mr. Jefferson held great cities to be "great sores." He desired that the manufacturer should take his place by the side of the agriculturist—that the loom and the anvil should be in close proximity to the plough and the harrow. Mr. Jefferson looked and thought for himself. He had studied political economy before it became necessary for Mr. Malthus to invent a theory of population that should satisfactorily account for the scarcity of food under

* "To those who have never reflected on the subject, it may seem like exaggeration to say that, as a general fact, at least nine-tenths of the lower orders suffer physically, morally, and intellectually, from being over-worked and under-fed; and yet I am convinced that the more the subject shall be investigated, the more deeply shall we become impressed with the truth and importance of the statement. It is true that but few persons die from direct starvation, or the absolute want of food for several successive days, but it is not the less certain that *thousands upon thousands* are annually cut off, whose lives have been greatly shortened by excess of labour and deficiency of nourishment. * * It is a rare thing for a hard-working artisan to arrive at a good old age; almost al become prematurely old, and die long before the natural term of life."—*Combe's Philosophy of Digestion.*

the unnatural policy of England, and thus relieve the law-makers of that country from all charge of mis-government. He studied, too, before Mr. Ricardo had invented a theory of rent, for the maintenance of which it was necessary to prove that the poor cultivator, beginning the work of settlement, always commenced upon the rich soils—the swamps and river-bottoms—and that with the progress of population he had recourse to the poor soils of the hills, yielding a constantly diminishing return to labour—and therefore it was that he thought for himself. Modern financiers have blindly adopted the English system, based on the theories of Malthus and Ricardo, and the perfection of civilization is now held to be found in that system which shall most rapidly build up great cities, and most widely separate the manufacturer from the agriculturist. The more perfect the centralization, the greater, according to them, will be the tendency towards improvement.

Mr. Jefferson was in favour of combined action, as being that which would most tend to promote human improvement, physical, moral, intellectual, and political. That it does so, would seem to be obvious, as it is where combination of action most exists that men live best and are best instructed—commit least crimes, and think most for themselves. There, too, there exists the strongest desire to have protection.

A recent traveller* in the United States, says that "the facility with which every people conscientiously accommodate their speculative opinions to their local and individual interests, is sufficiently demonstrated by the fact, that the several States and sections of States, "as they successively embark in the manufacture, whether of iron, cotton, or other articles, become immediately converts to protectionist views, against which they had previously declaimed."

It is here supposed that the desire for protection results from a selfish desire to tax others, but the persons exclusively devoted to manufactures of any kind are too few in number to affect the elections, and yet wherever mills or furnaces are established, the majority of the people become advocates of the doctrine of protection, and that majority mainly consists of agriculturists,—farmers and planters. Why it is so, may be found in the fact that they experience the benefits resulting from making a market on the land for the products of the land, and desire that their neighbours may do the same. Ignorant selfishness would induce them to desire to retain for themselves the advantage they had gained. Enlightened selfishness would induce them to teach others that which they themselves had learned.

Ignorant selfishness is the characteristic of the savage. It disappears as men acquire the habit of association with their neighbour men. The proclaimed object of the monopoly system is that of producing a necessity for scattering ourselves over large surfaces, and thus increasing the difficulty of association, and the object is attained. "The prospect of heaven itself," says Cooper, in one of his novels, "would have no charm for an American of the backwoods, if he thought there was any place further west."

Such is the common impression. It is believed that men separate from each other because of something in their composition that tends to produce a desire for flying to wild lands, there probably to perish of fever, brought on by exposure, and certainly to leave behind them all that tends to make life desirable. Such is not the character of man anywhere. He is everywhere disposed to remain at home, when he can, and if the farmers and planters of the Union can be brought to understand their true interests, at home he will remain, and doing so, his condition and that of all around him, will be im-

* Sir Charles Lyell.

proved. The habit of association is necessary to the improvement of man. With it comes the love of the good and the beautiful. "I wish," says the author of a recent agricultural address, "that we could create a general passion for gardening and horticulture. We want," he continues, "more beauty about our houses. The scenes of childhood are the memories of our future years. Let our dwellings be beautified with plants and flowers. Flowers are, in the language of a late cultivator, 'the playthings of childhood and the ornaments of the grave; they raise smiling looks to man and grateful ones to God.'"

We do want more beauty about our houses, and not only about our houses but about our minds, and that it may be obtained, we must rid ourselves of a system which makes the producer the servant of the exchanger. Such is the object of protection.

It is most truly said that "there is no friendship in trade." As now carried on, it certainly does not tend to promote kindly feelings among the human race, nor can it do so while the system remains unchanged. The great object of traders appears to be the production of discord. By so doing, England has obtained the supreme control of India. Her journals are unceasingly engaged in sowing discord among the various portions of this Union, and the effort would be successful were it not that there is no real discordance in their true interests.

It is time that the people of Great Britain should open their eyes to the fact that their progress is in the same direction in which have gone the communities of Athens, and Rome, and every other that has desired to support itself by the labour of others. It is time that they should awake to the fact that the numerous and splendid gin-shops, the perpetual recurrence of child-murder for the purpose of plundering burial societies, and the enormous increase of crime* and pauperism, are but the natural consequence of a system that tends to drive capital from the land, to be employed in spindles and

* "Humanity cries to us from the depths. If we will not answer her, it were better a millstone were tied about our necks, and that we were cast into the sea. Have we no sense of the precipice on which we stand? Have not the books of the prophetess been one by one burnt before our eyes—and does not the sybil even now knock at our doors to offer us her final volume, ere she turn from us and leave us to the Furies? Crime, not stealing, but striding onward. Murders, poisonings, becoming almost a domestic institution among our villages—husband, children, parents, drugged to their final home for the sake of the burial fees. Vice within the law, keeping pace with offence without. Incest winked at by our magistracy from its fearful frequency in our squalid peasant dwellings. Taxation reaching beyond the point at which resources can meet it, so that, at increasingly shorter intervals, we have to borrow from ourselves to make expenditure square with income. Poor Laws extended to Scotland and Ireland, where they were never known before, and new Poor Laws failing in England to check the advance of rates, and the growth of inveterate beggary, until property threatens to be swallowed up by the propertyless, and a terrible communism to be realized among us by a legalized division of the goods of those who have, among those who have not—the fearfullest socialism, the equal republic of beggary. 'Speak! strike! redress!' Three millions and a half of the houseless and homeless, the desperate, the broken, the lost, plead to you in a small still voice, yet louder than the mouthing theories of constitution-mongers. Man, abused, insulted, degraded, shows to you his social scars, his broken members, his maimed carcass, blurred in the conflict of a selfish and abused community.

"We say it must no longer be. We are a spectacle to gods and men—'a by-word and a hissing to the nations.' Savages grow up in the midst of our feather-head civilization, wilder, more forlorn, more forgotten, and neglected than the Camanches, or the earth-eaters of New Holland. Ragged foundlings, deserted infant wretchedness, paupers hereditary, boasting a beggar pedigree older than many of our nobles, grow up from year to year, generation to generation, eat with brazen front into the substance of struggling industry."—*The Mother Country, by Sydney Smith.*

ships, and labour from the healthful and inspiring pursuits of the country, to seek employment in Liverpool and Manchester, where severe labour in the effort to underwork the poor Hindoo, and drive him from his loom, is rewarded with just sufficient to keep the labourer from starving in the lanes and cellars with which those cities so much abound.

That "there is no friendship in trade," is most true, and yet trade is the deity worshipped in this school. In it "commerce is king," and yet to commerce we owe much of the existing demoralization of the world. The anxiety to sell cheap induces the manufacturer to substitute cotton for silk, and flour for cotton, and leads to frauds and adulterations of every description. Bankruptcy and loss of honour follow in the train of its perpetual revulsions. To obtain intelligence an hour beforehand of an approaching famine, and thus to be enabled to buy corn at less than it is worth, or to hear in advance of the prospect of good harvests, and to sell it at more than it is worth, is but an evidence of superior sagacity. To buy your coat in the cheapest market, careless what are the sufferings of the poor tailor, and sell your grain in the dearest, though your neighbour may be starving, is the cardinal principle of this school.

A very slight examination will suffice to convince the reader that, as has been already shown, these frauds and overreachings increase in the ratio of the distance between the consumer and the producer. The food that has travelled far is dear, and worthy to be mixed with beans. The cotton produced in remote lands is dear, and it is profitable to mix it with flour. The shoemaker who supplies the auctions uses poor leather, and employs poor workmen.* The object of protection is that of bringing the consumer of food to the side of its producer, there to eat plenty of good and nourishing food; the consumer of cotton to the side of its producer that he may not need to wear a mixture of wool and paste; and the shoemaker to the side of the farmer and planter, that the latter may be supplied with "custom-work," and not "slop-work." By this he gains doubly. He gives less food, and gets better clothing in return. By so doing, his own physical condition and the moral condition of the shoemaker are both improved.

The whole tendency of the system is to the production of a gambling spirit. In England, it makes railroad kings, ending in railroad bankrupts, like Henry Hudson. If we could trace the effect of the great speculation of which this man was the father, we should find thousands and tens of thousands of husbands and wives, parents and children, utterly beggared to build up the fortunes of the few, and thus increase the inequality of social condition which lies at the root of all evil. If we examine it here, we see it sending tens of thousands to California, eager for gold, there to lose both health and life.† It is sending thousands of boys and girls to our cities—the former

* Take, as an illustration in the system, the fraud in carpets, such as are usually sold at auction. "The head end of the piece is woven firmly for a few yards, when the web is gradually slackened, so that the inside of the piece bears no comparison with the outside. This is done so adroitly that it is impossible for any, but the best judges to tell in what the cheat consists. There is a double evil in this imposture, for the fabric not only grows poorer and thinner as the piece is unrolled, but the figures, containing of course the same number of threads throughout, will not match, their size being increased with the slackness in weaving. This is not only a positive cheat, but it greatly interferes with the honest dealer, whose goods being alike throughout, cannot of course compete in price. It is incredible to what an extent this practice is carried, and it is high time there was some legal remedy."—*Dry Goods Reporter.*

† "This is one of the strangest places in Christendom. I know many men, who were models of piety, morality, and all that sort of thing, when they first arrived here, and

to become shopmen, and the latter prostitutes, while hundreds of thousands are at the same time making their way to the West, there to begin the work of cultivation, while millions upon millions of acres in the old States remain untouched. With every step of our progress in that direction, social inequality tends to increase. The skilful speculator realizes a fortune by the same operation that ruins hundreds around him, and adds to his fortune by buying their property under the hammer of the sheriff. The wealthy manufacturer is unmoved by revulsions in the British market which sweep away his competitors, and, when the storm blows over, he is enabled to double, treble, or quadruple, his already overgrown fortune. The consequence is, that great manufacturing towns spring up in one quarter of the Union, while almost every effort to *localize* manufactures (thus bringing the loom and the anvil really to the side of the plough and the harrow) is followed by ruin. The system tends to make the rich richer and the poor poorer. The coal miner of the present year works for half wages, but the coal speculator obtains double profits, and thus is it ever—the producer is sacrificed to the exchanger. With the growth of the exchanging class, great cities rise up, filled with shops, at which men can cheaply become intoxicated. New York has 4567 places at which liquor is sold, and the *Five-Points* are peopled with the men who make Astor-place riots. Single merchants employ 160 clerks, while thousands of those who are forced into our cities and seek to obtain a living by trade are ruined. Opera singers receive large salaries paid by the contributions of men whose shirts are made by women whose wages scarcely enable them to live.

The whole system of trade, as at present conducted, and as it must continue to be conducted if the colonial system be permitted longer to exist, is one of mere gambling, and of all qualities, that which most distinguishes the gambler is ignorant selfishness. He ruins his friends and wastes his winnings on a running-horse, or on a prostitute. To what extent this has been the characteristic of the men who have figured most largely in the walks of commerce, might be determined by those who are familiar with the concerns of many of the persons described in the following passage, which I take from one of the journals of the day:

"The great merchants of this great mercantile city, who were looked up to with reverence by the mammon-worshipping crowd twenty years ago—where are they? Ask Stephen Whitney and those few who have with him survived the shock of thirty years' changes, and they will tell you, in commercial language, that 93 or 95 per cent. of their contemporaries at that date have since become bankrupt, and that the widows of most of those deceased are either "keeping boarding-houses" or have left friendless orphans to "the tender mercies" of a commercial world.

"Look at the ephemeral creatures of this and last year's accidents, who now figure largely in the great world of New York, whether in the wholesale or retail line—whether in commerce, fashion, theatricals or religion—and ask where and what they or their children are likely to be twenty-years hence. The answer will be such as none of those most deeply in it will be apt to give with precise or probable correctness. 'They shall heap up riches and know not who shall gather them;' 'they shall build houses and know not who shall inhabit them;' 'they shall plant vineyards and shall not eat the fruit of them;" they shall 'call their lands after their own names,' and a generation shall rise up and possess them who shall laugh those names into a contempt from which the oblivion that shall succeed will seem a happy deliverance."—*N. Y. Herald.*

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who are now most desperate gamblers and drunkards."—*Extract from a letter dated San Francisco, July 30.*

"*American Lottery*—Class No. 1—$10,000 in actual prizes, sixty-six numbers, twelve drawn ballots. Whole tickets, $10; half do. $5. This lottery will be drawn at the Public Institute in San Francisco, on the third day of October, '49, at twelve o'clock, M., under the superintendence of the managers."—*Pacific News.*

As a necessary consequence of the system, money becomes more and more an object of consideration in the contraction of the important engagement of matrimony, and marriage settlements begin to appear among us. The newspapers of the day inform us of the recent execution of one for $200,000.

If we look westward, it is the same. Centralization produces depopulation, and that is followed by poverty and crime. London grows upon the system that ruins India and fills it with bands of plunderers. The West and South-west are filled with gamblers, and land-pirates abound. The late war has brought into existence a new species of fraud, in the counterfeiting of land-warrants, and this is but one of the many evils resulting from that measure.

If we look back but a few years, we may see that the period between 1835 and 1843 was remarkable for the existence of crime, and it was that one in which the tendency to dispersion most existed. If we now look to the period between 1843 and 1847, we can see that there was a gradual tendency to the restoration of order and quiet and morality throughout the Union. In the last year, we may see the reverse. It was marked by turnouts, insubordination and violence of various kinds in country and in city. Such is the direct consequence of a diminution in the productiveness of labour. The employer must pay less, and the employed is unwilling to receive less than that to which he has been accustomed.

The tendency of the colonial system is to increase the number of wagons and wagoners, ships and sailors, merchants and traders, the men who necessarily spend much time in hotels and taverns, living by exchanging the products of others. The tendency of protection is to increase the number of producers—of the class that lives at home, surrounded by wives, children, and friends. The one builds up the city at the expense of the country; the other causes both to grow together.

Cities are rivals for trade, and when the farmer desires a new road to market he is opposed, lest it should enable him to go more cheaply to Charleston than Savannah; to New York more readily than to Philadelphia. London is jealous of Liverpool, and Liverpool of London. Discord is everywhere, and the smaller the amount of production, the greater must it necessarily be. Protection seeks to increase production, and thus establish harmony.

It is asserted that protection tends to increase smuggling, and therefore to deteriorate morals. To determine this question, it would be required only to ascertain what description of men transact business at our custom-houses. From 1830 to 1834, the chief part was done by men who had homes occupied by wives and families, for whose sake reputation was dear, but from 1835 to 1842, it passed almost entirely into the hands of men who lived in hotels and boarding-houses, and who had neither wives nor families to maintain. From 1843 to 1847, it went back to the former class. It has now returned almost entirely into the hands of agents—men whose business is trade, and who swear to a false invoice for a commission. The honest man, who desires to perform his duties to his wife and children, to society, to his country, and to his Creator, cannot import foreign merchandise. The system is a premium on immorality and fraud.

The object of protection is the establishment of perfect free trade, by the annexation of men and of nations. Every man brought here increases the domain of free trade, and diminishes the necessity for custom-houses. Every man brought here consumes four, six, ten, or twelve pounds of cotton for one that he could consume at home, and every one is a customer to the farmer for bushels instead of gills. Between the honest and intelligent man who desires to see the establishment of *real* free-trade, the Christian who desires to see an improvement in the standard of morality, the planter who desires an in-

creased market for his cotton, the farmer who desires larger returns to his labour, the landowner who desires to see an increase in the value of his land, and the labourer who desires to sell his labour at the highest price, there is perfect harmony of interest.

CHAPTER TWENTY-SECOND.

HOW PROTECTION AFFECTS INTELLECTUAL CONDITION.

THE higher the degree of intellect applied to the work of production, the larger will be the return to labour, and the more rapid will be the accumulation of capital. If protection be "a war upon labour and capital," it must tend to prevent the growth of intellect.

The more men are enabled to combine their efforts, and the greater the tendency to association, the larger is the return to labour, and the more readily can they obtain books and newspapers for themselves, and schools for their children. The object of the monopoly system is that of compelling men to scatter themselves over large surfaces, and into distant colonies, and thus to diminish the power of obtaining books, newspapers and schools. The object of protection is the correction of this error, and to enable men to combine their efforts for mental as well as physical improvement.

The greater the tendency to association, the greater is the facility for the dissemination of new ideas in regard to modes of thought or action, and for obtaining aid in carrying them into practical effect. The object of *the English monopoly system* is that of separating men from each other, and depriving them of this advantage. The object of protection is to enable them to come together, and being so, it would seem to be the real friend to both labourer and capitalist.

If we look throughout the world we shall see intellect increasing as men live more and more in communion with each other, and diminishing as they are compelled to separate. The man who is distant from market spends much of his time in taverns, where he obtains little tending to the improvement of mind or morals. The man who has a market at his door, may obtain books and newspapers, and he is surrounded by skilful farmers, from whom he obtains information. Not being compelled to spend his time on the road, he is enabled to give both time and mind to the improvement of his land, to which he returns the refuse in the form of manure, and thus it is that he himself grows rich.

Of all the pursuits of man, agriculture—the work of production—is the one that most tends to the expansion of intellect. It is the great pursuit of man. There is none "in which so many of the laws of nature must be consulted and understood as in the cultivation of the earth. Every change of the season, every change even of the winds, every fall of rain, must affect some of the manifold operations of the farmer. In the improvement of our various domestic animals, some of the most abstruse principles of physiology must be consulted. Is it to be supposed that men thus called upon to study, or to observe the laws of nature, and labour in conjunction with its powers, require less of the light of the highest science than the merchant or the manufacturer?"* It is not. It is the science that requires the greatest knowledge, *and the one that pays best for it:* and yet England has *driven* man, and wealth, and mind, into the less profitable pursuits of fashioning and exchanging the products of other lands: and has expended thousands of millions on fleets and armies to enable her to drive with foreign nations the poor trade, when her own soil offered her the richer one that tends to produce

* Wadsworth's Address to the New York Agricultural Society

that increase of wealth and concentration of population which have in all times and in all ages given the self-protective power that requires neither fleets, nor armies, nor tax-gatherers. In her efforts to force this trade, she has driven the people of the United States to extend themselves over vast tracts of inferior land when they might more advantageously have concentrated themselves on rich ones: and she has thus delayed the progress of civilization abroad and at home. She has made it necessary for the people of grain-growing countries to rejoice in the deficiencies of her harvests, as affording them the outlet for surplus food that they could not consume, and that was sometimes abandoned on the field as not worth the cost of harvesting; instead of being enabled to rejoice in the knowledge that others were likely to be fed as abundantly as themselves. Her internal system was unsound, and her wealth gave her power to make that unsoundness a cause of disturbance to the world; and hence she has appeared to be everywhere regarded as a sort of common enemy.

To this unsound system we are indebted for the very unsound ideas that exist in regard to the division of labour. Men are crowded into large towns and cities, to labour in great shops, where the only idea ever acquired is the pointing of a needle, and that is acquired at the cost of health and life. The necessary consequence is the general inferiority of physical, moral, and mental condition, that is observable in all classes of English workmen.

Of all machines, the most costly to produce is Man, and yet the duration of this expensive and beautiful machine is reduced to an average of twenty-five or thirty years, under the vain idea that by so doing pins and needles may be obtained at less cost of labour. The principle is the same that is said to govern the planter of Cuba when he stocks his estate exclusively with males, deeming it cheaper to buy slaves than to raise them. As a necessary consequence, the duration of life is there short, and so is it in the crowded factories of the great "workshop of the world." The idea *is* vain. Pins and needles would be obtained at far less cost of labour were the workshops of Sheffield and of Birmingham scattered throughout the kingdom, thereby enabling the producers of pins to take their places by the side of the producers of food, and enabling all to enjoy the pure air and pure water of the village, instead of being compelled, after breathing the foul atmosphere of the workshop during the day, to retire at night to rest in the filthy cellar of the undrained street. Were the ore of Ireland converted into axes and railroad bars by aid of the coal and the labour of Ireland, the cellars of Manchester and Birmingham would not be filled with starving Irishmen, flying by hundreds of thousands from pestilence and famine, and compelling the labourers of England to fly to the United States, Canada, or Australia.

The English school of political economy treats man as a *mere* machine, placed on the earth for the purpose of producing food, cloth, iron, pins, or needles, and takes no account of him as a being capable of intellectual and moral improvement. It looks for physical power in connection with ignorance and immorality, and the result is disappointment.* The workman of

* The commissioners for inquiring into the state of education in Wales, describe a state of mental condition perfectly in keeping with the following account of their physical condition:—"The houses and cottages of the people are wretchedly bad, and akin to Irish hovels. Brick chimneys are very unusual in these cottages; those which exist are usually in the shape of large coves, the top being of basket-work. In few cottages is there more than one room, which serves for the purpose of living and sleeping." Hence it is that there is so universal a want of chastity, resulting, say the commissioners, "from the revolting habit of herding married and unmarried people of both sexes, often unconnected by relationship, in the same sleeping rooms, and often in adjoining beds, without partition or curtain." [See Westminster Review, No. XXVI.]

this country is infinitely the superior of the workman of Manchester, and the reason is, that he is not treated as a mere machine. The object of what is called free trade is to degrade the one to the level of the other. The object of protection is that of enabling the poor artisan of Manchester or Leeds, Birmingham or Sheffield, to transfer himself to a country in which he will not be so treated, and in which he may have books and newspapers, and his children may be educated.

The colonial system involves an expenditure for ships of war, soldiers, and sailors, greater than would be required for giving to every child in the kingdom an education of the highest order; and those ships and men are supported out of the proceeds of taxes paid by poor mechanics and agricultural labourers, whose children grow up destitute even of the knowledge that there is a God. The object of protection is to do away with the necessity for such ships and men, and to raise the value of labour to such a point as will enable the people of England to provide schools for themselves.

In the colonies, the perpetual exhaustion of the land and its owner has forbidden, as it now forbids, the idea of intellectual improvement. To the West Indies no Englishmen went to remain. The plantations were managed by agents, and the poor blacks, under their agency, died so fast as to render necessary an annual importation merely to keep up the number. In India, where education was from the earliest period an object of interest to the government, and where every well-regulated village had its public school and its schoolmaster, in which information was so well and so cheaply taught as to furnish the idea of the Lancaster system, it has almost disappeared. In the *thana* of Nattore, containing 184,509 inhabitants, there were, a few years since, but 27 schools, with 262 scholars. The teachers were simple-minded and ignorant, with salaries of $2·50 per month, and the scholars were without books. The number who could read and write was 6000. Such was the state of education in one of the best portions of Bengal. In the Bombay presidency, with a population of six and a half millions, there were 25 government schools, with 1315 scholars, and 1680 village schools, with 33,838 scholars. In the Madras presidency, out of 13 millions, there were 355,000 male and 8000 female scholars, and the instruction was of the worst kind.

In Upper Canada, in 1848, the number of children, male and female, under fourteen years of age, was 326,050, of whom but 80,461 attended school.* So far the state of things is better than in other colonies; but when we come to look further, the difference is not very great. The intellect of man is to be quickened by communion with his fellow-man, of which there can be but little where the loom is widely distant from the plough, and men are distant from each other, all engaged in the single pursuit of agriculture. How slow has been the growth of concentration in that province, may be seen from the following facts. Numerous small woollen mills furnish 584,008 yards of flannel and other inferior cloths, working up the produce of perhaps 250,000 sheep. Fulling mills exist, at which about 2,000,000 pounds of woollen cloths of household manufacture are fulled. Further, there are—

1 rope-walk.	11 pail factories.	1 ship-yard.	1 vinegar factory.
1 candle factory.	1 last factory.	1 trip hammer.	5 chair factories.
1 cement mill.	4 oil mills.	2 paper mills, making 1900 reams each.	2 brick-yards.
1 sal-eratus factory.	3 tobacco factories.		1 axe factory, producing 5000 per annum.
8 soap factories.	2 steam-engine factories.	3 potteries.	
3 nail factories.		1 comb factory.	6 plaster mills.†

And these constitute the whole of the manufacturing establishments of

* Appendix to first Report of Board of Registration. † Ibid.

that great district of country, much of it so long settled. There is, consequently, little or no employment for mind, and the consequence is, that all who desire to engage in other pursuits than those of agriculture fly to the South. There are now within the Union, it is said, not less than 200,000 Canadians, and with every day the tendency to emigration increases.* If we look to Nova Scotia and New Brunswick, it is the same. There is there no demand for intellect, and any man possessing it flies southward. Forty years since it was asked, "Who reads an American book?" That question has long since been answered; but it may now be repeated in reference to all the British provinces. Who reads a Canadian, a Nova-Scotian, or a New Brunswick book? Upper Canada has two paper-mills capable of producing about ten reams of paper per day, being, perhaps, a tenth of what is required to supply the newspapers of Cincinnati. Forty years since, the question might have been asked, Who uses an American machine?" and yet the machine shops of Austria and Russia are now directed by our countrymen, and the latest improvements in machinery for the conversion of wool into cloth are of American invention. The British provinces have had the *advantage* of perfect free trade with England, the consequence of which is, that they are almost destitute of paper-mills and printing-offices, and machine shops are unknown, while the Union has been *a prey to the protective system*, that "war upon labour and capital," the consequence of which is, that paper-mills and printing-offices abound to an extent unknown in the world, and almost equal in number and power to those of the whole world,† and machine shops exist almost everywhere. These differences are not due to any difference in the abundance or quality of land, for that of Upper Canada is yet to a great extent unoccupied, and is in quality inferior to none on the continent. They are not due to difference in other natural advantages, for New Brunswick has every advantage possessed by Maine and New Hampshire, and Nova Scotia has coal and iron ore more advantageously situated than any in the Union. They are not due to difference of taxation, for Great Britain has paid almost all the expenses of government. To what, then, can they be attributed, but to the fact that those provinces have been subject to *the monopoly system*, and compelled to waste their own labour while giving their *products* in exchange for the *services* of English men, women, and children, employed in doing for them what they could have better done themselves, and losing four-fifths of their products in the transit between the producer and the consumer? Place the colony within the Union—give it protection—and in a dozen years its paper-mills and its printing-offices will become numerous, and many will then read Canadian books.

In England, a large portion of the people can neither read nor write, and there is scarcely an effort to give them education. The colonial system looks to low wages, necessarily followed by an inability to devote time to intellectual improvement. Protection looks to the high wages that enable the labourer to improve his mind, and educate his children. The English child, transferred to this country, becomes an educated and responsible being. If he remain at home, he remains in brutish ignorance. To increase the

* "I do not exaggerate when I say that there are no less than 200,000 Canadians in the United States; and, unless efficacious means are taken to stop this frightful emigration, before ten years two hundred thousand more of our compatriots will have carried to the American Union their arms, their intelligence, and their hearts."—*Letter of Rev. Arthur Chiniquy.*

† The whole quantity of paper required to supply the newspaper press of Great Britain and Ireland is 170,000 reams; while that required for the supply of *four papers* printed in New York, Philadelphia, and Baltimore, is about 110,000. and the whole number of newspapers is about 2400.

productiveness of labour, education is necessary. Protection tends to the diffusion of education, and the elevation of the condition of the labourer.

At no period of our history has the demand for books and pictures, or the compensation of authors or artists, been less than in the period of 1842–43 At none have they grown so rapidly as from 1844 to 1847. They now tend downward, notwithstanding a demand that is still maintained by the power that yet exists of obtaining merchandise in exchange for certificates of debt. When that shall pass away, we shall see a recurrence of the events of the free trade period.

If we desire to raise the intellectual standard of man throughout the world, our object can be accomplished only by raising the value of man, as a machine, throughout the world. Every man brought here *is* raised, and every man so brought tends to diminish the supposed surplus of men elsewhere. Men come when the reward of labour is high, as they did between 1844 and 1848. They return disappointed when the reward of labour is small, as is now the case. Protection tends to increase the reward of labour, and to improve the intellectual condition of man.

CHAPTER TWENTY-THIRD.

HOW PROTECTION AFFECTS THE POLITICAL CONDITION OF MAN.

THE larger the return to labour, the greater will be the power to accumulate capital. The larger the proportion which capital seeking to be employed bears to the labourers who are to employ it, the larger will be the wages of labour, the greater the power of the labourer to accumulate for himself, and the more perfect will be his control over the disposition of his labour and the application of its proceeds, whether to private or to public purposes.

The freeman chooses his employer, sells his labour, and disposes of the proceeds at his pleasure. The slave does none of these things. His master takes the produce of his labour, and returns him such portion as suits his pleasure.

Throughout the world, and in all ages, freedom has advanced with every increase in the ratio of wealth to population. When the people of England were poor, they were enslaved, but with growing wealth they have become more free. So has it been in Belgium and in France. So is it now in Russia and Germany, and so must it everywhere be. India is poor, and the many are slaves to the few. So is it in Ireland. Freedom is there unknown. The poor Irishman, limited to the labours of agriculture, desires a bit of land, and he gives the chief part of the product of his year's labour for permission to starve upon the balance, happy to be permitted to remain on payment of this enormous rent. He is the slave of the land-owner, without even the slave's right to claim of him support in case of sickness, or if, escaping from famine, he should survive to an age that deprives him of the power of labouring for his support. England employs fleets, paid for out of taxes imposed on starving Irishmen, to prevent the people of Brazil from *buying* black men, and women, and children, on the coast of Africa, while holding herself ready to *give* white men, and women, and children, to any who will carry them from her shores, and even to add thereto a portion of the cost of their transportation; and this she does without requiring the transporter to produce even the slightest evidence that they have been delivered at their destined port in "good order and well-conditioned." When Ireland shall become rich, labour will become valuable, and man will become free. When Italy was filled with prosperous communities, labour was productive, and it was in demand; and then men who had it to sell fixed the price at which it should be sold. With growing poverty, labour

ceased to be in demand, and the buyer fixed the price. The labourer then became a slave. If we follow the history of Tuscany, we can find men becoming enslaved as poverty succeeded wealth; and again may we trace them becoming more and more free, as wealth has grown with continued peace. So has it been in Egypt, and Sicily, and Spain. Everywhere poverty, or a deficiency of those aids to labour which constitute wealth, is, and has invariably been, the companion of slavery; and everywhere wealth, or an abundance of ploughs, and harrows, and horses, and cows, and oxen, and cultivated lands, and houses, and mills, is, and has invariably been the companion, and the cause, of freedom.

If protection be a "war upon labour and capital," it must tend to prevent the growth of wealth, and thus to deteriorate the political condition of man.

The farmer who exchanges his food with the man who produces iron by means of horses, wagons, canal-boats, merchants, ships, and sailors, gives much food for little iron. The iron man, who exchanges his products for food through the instrumentality of the same machinery, gives much iron for little food. The chief part of the product is swallowed up by the men who stand between, and grow rich while the producers remain poor. The growth of wealth is thus prevented, and inequality of political condition is maintained.

The farmer who exchanges directly with the producer of iron gives labour for labour. Both thus grow rich, because the class that desires to stand between has no opportunity of enriching themselves at their expense. Equality of condition is thus promoted.

The object of protection is that of bringing the consumer of food to take his place by the side of the producer of food, and thus promoting the growth of wealth and the improvement of political condition. That it does produce that effect, is obvious from the fact that, in periods of protection, such vast numbers seek our shores, and that immigration becomes stationary, or diminishes, with every approach towards that system which is usually denominated free trade.

The colonial system is based upon cheap labour. Protection seeks to increase the reward of labour. The one fills factories with children of tender years, and expels men to Canada and Australia; the other unites the men and sends the children to school.

The Irishman at home is a slave. He prays for permission to remain and pay in pounds sterling for quarters of acres, and his request is refused. Transfer him here and he becomes a freeman, choosing his employer and fixing the price of his labour. The Highlander is a slave that would gladly remain at home; but he is expelled to make room for sheep. One-ninth of the population of England are slaves to the parish beadle, eating the bread of enforced charity, and a large portion of the remaining eight-ninths are slaves to the policy which produces a constant recurrence of chills and fevers—overwork at small wages at one time, and no work at any wages at another. Transfer them here and they become freemen, selecting their employers and fixing the hours and the reward of labour. The Hindoo is a slave. His landlord's officers fix the quantity of land that he must cultivate, and the rent he must pay. He is not allowed, on payment even of the high survey assessment fixed on each field, to cultivate only those fields to which he gives the preference; his task is assigned to him, and he is constrained to occupy all such fields as are allotted to him by the revenue officers, and whether he cultivates them or not, he is saddled with the rent of all. If driven by these oppressions to fly and seek a subsistence elsewhere, he is followed wherever he goes and oppressed at discretion, or deprived of the advantages he might expect from a change of residence. If he work for wages, he is paid in money when grain is high, and in grain when it is low. He, there-

fore, has no power to determine the price of his labour. Could he be transferred here, he would be found an efficient labourer, and would consume more cotton in a week than he now does in a year, and by the change his political condition would be greatly improved.

Protection looks to the improvement of the political condition of the human race. To accomplish that object, it is needed that the value of man be raised, and that men should everywhere be placed in a condition to sell their labour to the highest bidder—to the man who will give in return the largest quantity of food, clothing, shelter, and other of the comforts of life. To enable the Hindoo to sell his labour and to fix its price, it is necessary to raise the price of his chief product, cotton. That is to be done by increasing the consumption, and that object is to be attained by diminishing the waste of labour attendant upon its transit between the producer and the consumer. Fill this country with furnaces and mills, and railroads will be made in every direction, and the consumption of cotton will speedily rise to twenty pounds per head, while millions of European labourers, mechanics, farmers, and capitalists will cross the Atlantic, and every million will be a customer for one-fourth as much as was consumed by the people of Great Britain and Ireland in 1847. The harmony of the interests of the cotton-growers throughout the world is perfect, and all the discord comes from the power of the exchangers to produce apparent discord.

It is asserted, however, that protection tends to build up a body of capitalists at the expense of the consumer, and thus produce inequality of condition. That such is the effect of *inadequate* protection is not to be doubted. So long as we continue under a *necessity* for seeking in England a market for our surplus products, her markets will fix the price for the world, and so long as we shall continue to be under a *necessity* for seeking there a small supply of cloth or iron, so long will the prices in her markets fix the price of all, and the domestic producer of cloth and iron will profit by the difference of freight both out and home. With this profit he takes the risk of ruin, which is of perpetual occurrence among the men of small capitals. Those who are already wealthy have but to stop their furnaces or mills until prices rise, and then they have the markets to themselves, for their poorer competitors have been ruined. Such is the history of many of the large fortunes accumulated by the manufacture of cloth and iron in this country, and such the almost universal history of every effort to establish manufactures south and west of New England.

Inadequate and uncertain protection benefits the farmer and planter little, while the uncertainty attending it tends to make the rich richer and the poor poorer, thus producing social and political inequality.

Adequate and certain protection, on the contrary, tends to the production of equality—first, because by its aid the *necessity* for depending on foreign markets for the sale of our products, or the supply of our wants, will be brought to an end, and thenceforth the prices, being fixed at home, will be steady, and then the smaller capitalist will be enabled to maintain competition with the larger one, with great advantage to the consumers—farmers, planters, and labourers; and, second, because its benefits will be, as they always have been, felt chiefly by the many with whom the price of labour constitutes the sole fund out of which they are to be maintained.

If we take the labour that is employed in the factories of the country, from one extremity to the other, it will be found that nearly the whole of it would be waste, if not so employed. If we take that which is employed in getting out the timber and the stone for building factories and furnaces, it will be found that a large portion of it would otherwise be waste. If we inquire into the operations of the farmer, we find that the vicinity of a factory, or

furnace, enables him to save much of the labour of transportation, and to sell many things that would otherwise be waste. Thus far, the advantage would seem to be all on the side of the employed, and not on that of the employer.

Let us now suppose that all protection were abolished, and that perfect freedom of trade were established, and that the result were, as it inevitably would be, to close every factory, furnace, rolling mill, and coal-mine in the country, and see what would be the result. The owners of such property would lose a few millions of dollars of rents, or profits, but the supply of fuel would be less by three millions of tons, that of iron would be less by eight hundred thousand tons, and that of cotton cloth would be less by almost a thousand millions of yards. The demand for the labour now employed in the production of those commodities would be at an end, and the spare-labour of men, and women, and children, and wagons, and horses, and the various things now used in and about factories and furnaces, would then be wasted, coal and iron and cloth would be doubled in price, and labour would be diminished in a corresponding degree. The power to import iron, or coal, or cloth, would not be increased by a single ton, or yard, and the people would be compelled to dispense with necessaries of life that are now readily obtained. The capitalists, whose means were locked up in factories or furnaces, would suffer some loss; but the mass of persons possessed of disengaged capital, and the receivers of *State* dividends, would be able to command, for the same reward, a much larger quantity of labour than before.

The object of protection is that of securing a demand for labour, and its tendency is to produce equality of condition. The jealousy of "overgrown capitalists" has caused many changes of policy; but, so far as they have tended to the abolition of protection, they have invariably tended to the production of inequality. The wealthy capitalist suffers some loss; but he is not ruined. A change takes place, and he is ready to avail himself of it, and at once regains all that had been lost, with vast increase. The small capitalist has been swept away, and his mill is in a state of ruin. By the time he can prepare himself to recommence his business, the chance being past, he is swept away again, and perhaps for the last time.

For months past, the rate of interest on a certain species of securities has been very low. The wealthy man could borrow at four per cent.; the poor man, requiring a small loan on a second-rate security, could scarcely obtain it at any price. The man who has coal to sell, or iron to sell, must have the aid of middlemen to act as endorsers upon the paper received from his customers, and their commissions absorb the profits. The wages of the miner have been greatly reduced, while the profits of the speculator have been increased. The reason of all this is, that, throughout the nation, there prevails no confidence in the future. It is seen that we are consuming more than we produce; that our exports do not pay for our imports; that we are running in debt; that furnaces and mills are being closed; and every one knows what must be the end of such a system. Re-enact the tariff of 1842, and the trade of the middleman would be at an end, because confidence in the future would be felt from one extremity of the land to the other. Should we not find in this some evidence of the soundness of the principle upon which it was based? The system which gives confidence must be right; that which destroys it must be wrong.

Confidence in the future--Hope—gives power to individuals and communities. It is that which enables the poor man to become rich, and the character of all legislative action is to be judged by its greater or less tendency to produce this effect. A review of the measures urged upon the nation by the advocates of the system miscalled free trade, shows, almost without an exception, they have tended to the destruction of confidence, and there-

fore to the production of the political revolutions referred to in the first chapter.

The direct effect of the insecurity that has existed has been to centralize the business of manufacture in one part of the Union and in the hands of a comparatively limited number of persons—such as could afford to take large risks, in hope of realizing large profits. Had the tariff of 1828 been made the settled law of the land, the Middle and Southern States would now be studded with factories and furnaces, and while the North and East would not have been less rich, they would be far richer, and the present inequality of condition would not now exist.

The power of the North, as compared with that of the South, is due to the jealousy of the former entertained by the latter, which has prevented the establishment of a decided system, having for its object the destruction of the English monopoly, and the ultimate establishment of perfect freedom of trade.

The object of the colonial system was that of taxing the world for the maintenance of a great mercantile, manufacturing, and landed aristocracy, and the mode of accomplishment was that of securing a monopoly of machinery. The object of protection is to break down that monopoly, and with it the aristocracy that collects for the people of Great Britain and the world those immense taxes, to be appropriated to the payment of fleets and armies officered by younger sons, and kept on foot for the maintenance of the existing inequality in Great Britain, Ireland, and India. All, therefore, who desire to see improvement in the political condition of the people of the world should advocate the system which tends to break down monopoly and establish perfect freedom of trade.

CHAPTER TWENTY-FOURTH.

HOW PROTECTION AFFECTS CREDIT—INDIVIDUAL AND NATIONAL.

THE existence of credit is evidence of the existence of confidence that the man who desires to obtain for a time the use of property intends to return it. The more universal this confidence, the more readily can the capitalist place his funds, and the larger will be the return. The more universal it is, the more readily can the labourer obtain the necessary aids to labour, and the more productive will be that labour. If protection be "a war upon labour and capital," it must tend to destroy the confidence of man in his fellow-man.

The object of protection is that of bringing the consumer to take his place by the side of the producer, exchanging labour for labour, and thus diminishing the *necessity* for credit. Its effect is to diminish the machinery of exchange, and thus to increase the productiveness of labour, and with it the *power* to obtain credit.

The object of the monopoly system is that of separating the consumer from the producer, and *compelling* both to repose confidence in distant men, thus increasing the *necessity* for credit. Its effect is that of increasing the machinery of exchange, and diminishing the productiveness of labour, and thus diminishing the *power* to obtain credit.

That such is its effect in the colonies of Great Britain, we know. In India, once so wealthy, the ordinary rate of interest is twelve per cent.; but the poor cultivator borrows seed at the rate of one hundred per cent. Credit there has no existence, and yet almost the whole exchanges of the country are made at a distance of many thousands of miles, by men in whom the consumer and producer are *compelled* to repose confidence.

In the West Indies, credit has almost entirely disappeared. In Canada,

even the government cannot effect loans without a guaranty from parliament. So is it throughout the whole range of colonies.

At home, capital is cheap, because of the want of general confidence. The capitalist takes two per cent.; but the labourer could not borrow at thirty per cent. The capitalist that owns machinery is enabled to dictate the terms upon which it shall be used by those who work. Sometimes he employs many work-people. At others few. Sometimes he works long time, and at others short time. At all times his people obtain but a small proportion of the products of labour; but at many times they obtain but *a very* small proportion, while at others they are unable to obtain the use of machinery at any price.

Abroad, the credit of English merchants is falling daily. But recently, there were in the great city of Liverpool, scarcely half a dozen houses that could be trusted with a cargo of cotton. Such are the effects of the system in which "Commerce is king," and the consumer and the producer are placed at the mercy of the exchanger.

At no period in this country did confidence grow more rapidly than in the period between 1830 and 1834. At none did it decline with such rapidity as between 1835 and 1842. With the action of the tariff of 1842, it was restored, but with that of 1846 it again declines. There is no demand for capital, and it is cheap. There is little demand for labour, and it too is cheap.

Never, probably, since the settlement of the country, did the poor man find so much difficulty in obtaining the aid of capital, as in 1842, the period of free trade. Never has he found it more easy than between 1844 and 1847. The period of distrust has again arrived. Money is said to be abundant, but the security must be undoubted, and the poor man pays two per cent. a month for the use of capital that the rich man cannot invest to produce him more than four per cent. per annum. There is no confidence existing.

"Notwithstanding the cheapness and abundance of money," says the New York Herald, "no one seems disposed to touch any thing in the way of speculation, and capitalists prefer loaning money at four per cent. interest, on good security, to purchasing stocks at present prices. They say that when they lend money on first-rate security, at a low rate of interest, they are sure of the principal and a small amount of interest, when they want it."

The re-establishment of the tariff of 1842 would restore confidence, and produce a demand for labour, and wages would rise—and a demand for capital, the price of which would also rise, and thus it would appear that in protection is to be found the harmony of interest between the labourer and the capitalist.

NATIONAL CREDIT.

From 1830 to 1835, the national credit grew, for we paid for what we imported. From 1835 to 1840, credit declined, for we ran largely in debt for cloth and iron, for which our exports could not pay. In 1842, national credit disappeared, for we were unable to pay even the interest on our debts. From 1843 to 1848, national credit grew, for we paid interest and commenced the reduction of the debt. In the last two years we have gone largely in debt, and must now either diminish our imports or run further into debt.

How long we can continue to do this, does not depend upon ourselves. Any circumstance producing a change in the rate of interest in Europe, would cause our certificates of debt to be returned upon us for payment, and what then would be the state of the national credit? A nation that is largely in debt is always in danger of losing its credit.

CHAPTER TWENTY-FIFTH.

HOW PROTECTION AFFECTS REVENUE AND EXPENDITURE.

THE more men live and work in connection with each other, the greater is their *power* to protect themselves. The more widely they are separated from each other, the greater is their *necessity* for seeking protection from others.

The more they live in connection with each other, the larger will be the product of their labour, and the greater will be their power to contribute towards the maintenance of peace and order. The less they live in connection with each other, the less productive will be their labour, and the less will be their power to contribute to that object.

With every increase in the productiveness of labour, the power of self-government thus increases, with increased power to contribute towards the expenditures incident to the maintenance of government; and with every diminution therein, the power of self-government decreases, with diminished power to contribute towards the public revenue required for paying others for performing the duties of government.

If protection be, as is asserted, a "war upon labour and capital," it must increase the necessity for government by others, and diminish the power to contribute towards its maintenance.

The object of protection is, however, that of enabling men to live in connection with each other, the consumer taking his place by the side of the producer, each protecting, and protected by, the other. This would seem to diminish the *necessity* for seeking protection from others. Another object of protection is that of enabling men to exchange with each other, giving labour for labour, without paying so many persons for standing between them. This would seem calculated to increase their power to pay for protection, should it be needed.

The object of the monopoly system—now known by the name of free trade—is that of separating the consumer from the producer, and diminishing their power to protect each other. Their exchanges are to be always made in distant markets, and many wagons, ships, and men are to stand between, for the care of which fleets and armies are needed. This would seem to increase their *necessity* for protection, while the diminished power of combination of action would seem to tend to decrease their *power* of paying for protection.

How stand the facts? The question will be answered by placing side by side the expenditures under the different systems:—

Protection.	Per annum.	Free trade.	Per annum.
1829 to 1834 .	$16,800,000	1834 to 1841 .	$31,700,000
1843 to 1845 .	20,700,000	1846 to 1849 .	44,500,000

The necessity for contributing towards the support of government seems to have increased with the approach towards free trade, and to have diminished as we approached protection.

The revenue from customs in the several periods, was as follows:—

	Per head.		Per head.
1830 to 1834 . .	$1·75	1835 to 1841 . .	0·84½
1843 to 1847 . .	1·36	1848–49 . . .	1·—

I exclude here the year 1847–48, because it was an entirely exceptional one. We had imported a large amount of free goods—specie—in the preceding year, and we exported it again in 1847–48, to exchange for duty-

paying ones, and the whole amount of duty received upon the goods so obtained in exchange, should be added to the revenue of 1846–47.

The power to *contribute* towards the revenue certainly decreased in the years of free trade, and precisely as the *necessity* for contributions increased. The amount actually paid was greater than is here set down, because the government collected, between 1834 and 1841, a large amount of duties upon goods received in exchange for certificates of debt; but that was merely a payment in advance of production, and the consequence of receiving such payment was, that it was nearly bankrupt in 1842, and compelled to borrow almost thirty millions to provide for the continuance of its own existence.

We are now doing the same thing. The amount of debt incurred in the last year was not less than twenty-two millions, and upon this the government obtained duties, as before, *in advance of production*, to the extent of almost seven millions. If the power to buy on credit were now to cease, the amount collected would fall to twenty-two millions. Were the debt contracted last year now to be paid, it would fall to fifteen millions, and a large addition would have to be made to the public debt, as in 1841–42. How long a time is to elapse before such will be the state of things, it is not for me to predict; but if we make this year a further addition of twenty millions to our foreign debt, and close as many furnaces as we did in the last one, the day for it cannot be far distant.

The power to contribute towards the maintenance of government depends upon the power of production, and every circumstance tending to diminish the one tends equally to the diminution of the other. The power of production is now rapidly diminishing, and must continue so to do.

Such likewise is the case in England. From year to year the payment of taxes is becoming more and more onerous, notwithstanding so large a portion of them is thrown upon the farmers and planters of the earth, by aid of the system under which they are compelled to give more food, cotton, tobacco, and sugar, for less and less cloth and iron; and yet from year to year the expenditures have been increasing. Poverty produced rebellion in Ireland, and chartism in England, and thus increased the necessity for soldiers and sailors. The exhaustion of the older provinces of India led to a desire for Affghanistan, Scinde, and the Punjaub; and the failure of a market for labour in the form of cotton, drove the Hindoo to opium, which led to a war in China, and thus was made a demand for fleets and armies. The poverty of Canada led to rebellion, and to the building of forts and ships. The anxiety to secure foreign markets has led to immense expenses for steamships and mail steamers, and thus the more the system tends to fail, the greater is the expenditure for its maintenance, and the less the ability of the people of England, and the farmers and planters of the world, to contribute thereto.

Let us now look to the other source of our national revenue—the PUBLIC lands.

The higher the value of labour, the more of it will be brought here for sale. The more people come here, the more land will be required. The larger and more valuable the freights homeward, the less will be the cost of freight outward, and the more numerous will be the commodities that can be exported to pay for those we may choose to import.

Were we now importing a million of men annually, the sales of land would soon reach ten millions of acres per annum. That point we should now reach in five years of perfect and fixed protection, and but few more years would be required to double both the importation of men and the sales of public lands. Here is a vast source of public revenue.

Perfect protection would, by degrees, diminish the import of cottons, iron,

and other duty-paying goods, but we should consume treble or quadruple the quantity of coffee, tea, and the raw materials for the production of which the soil or climate of the country is not suited, and thus should we raise the value of labour employed in agriculture throughout the world.

It is asked, "If we converted all our cotton into cloth, what would Europe produce to pay us for it?" In answer, it may be said that the object of protection is that of enabling the consumer of food to take his place by the side of the producer of food, not to separate them. It is to our interest that the people of England should supply themselves with clothing made by men who eat the food of England, and that such should be the case with those of Germany and Russia, Spain and Italy, and with every step in their progress they would need more cotton. To pay for it, they would employ their labour in the production of thousands of articles of taste and luxury, of which we should then consume immense quantities, and therewith there would be improvement of taste, refinement of feeling, elevation of character, and increase of individual and national strength, of which now we can form no conception.

Upon such commodities the duties would be moderate, and, as the imports of the more bulky of the duty-paying articles diminished, the customs' revenue would gradually decline, until at length the *necessity* for custom-houses would pass away, the *power* to maintain government with the land revenue having grown to take its place, and thus might be realized the wonderful idea of the government of an immense nation maintained without the necessity for a single man employed in the collection of taxes.

It would thus appear that between the interests of the treasury and the people, the farmer, planter, manufacturer, and merchant, the great and little trader and the shipowner, the slave and his master, the landowners and labourers of the Union and the world, the free trader and the advocate of protection, there is perfect harmony of interests, and that the way to the establishment of universal peace and universal free trade, is to be found in the adoption of measures tending to the destruction of *the monopoly of machinery*, and the location of the loom and the anvil in the vicinity of the plough and the harrow.

CHAPTER TWENTY-SIXTH.

HOW PROTECTION AFFECTS THE GOVERNMENT.

THE man whose labour is productive, and whose habits are economical, enjoys the confidence of the world; while he whose labour is unproductive, and whose habits are wasteful, is looked upon with distrust. With the one, each day is marked by an increase of strength; while with the other it is marked by an increase of weakness.

So is it with communities. The peaceful and industrious grow rich and strong. The warlike and wasteful become poor and weak.

If protection be "a war upon the labour and capital of the world," it must tend to cause diminution of wealth and strength, and the *monopoly system* of England must tend to the augmentation of both.

At no anterior period had the wealth and strength of this country grown with the rapidity with which it grew from 1830 to 1835. The nation was at peace and all were employed. At no period has decline been so obvious, or the descent more complete than in the period which followed. The nation was at war, and production declined until in many departments of industry it almost ceased. The name of America became almost a by-word for weakness and want of faith. In the four succeeding years, the recovery was such as to be almost marvellous, and then it was that the power of the nation first began to be admitted. That period has been followed by one of war and waste,

and largely increased expenditure, rendering necessary the collection of large revenues, while production is diminishing. The people and the government are now living on borrowed money, and how long they can continue to borrow is uncertain. The revenue from customs in the year ending in June last was $28,436,000
Of which there was collected on goods purchased with certificates of debt 6,600,000

To meet the demands of the government for the present year, the whole sum of $28,000,000 would be required, and, if we should cease to be able to purchase merchandise on credit, the government would be driven again to the raising of money by means of loans, and if at the same time the debts now being created were sent back upon us for payment, the present year might witness a repetition of the troubles of 1841 and 1842.

During the existence of the tariff of 1842, the government paid its way, and therefore it was strong. It is now carried on on credit, and therefore it is becoming weak. To the extent of the foreign debt created, the country has eaten and drunk and used that for which it has yet to pay, and the government has had its thirty per cent.; but a demand for payment would at once reduce the imports as much below the exports as they now exceed them, and the government would find its revenue decreased to the full extent of the present excess.

The contrast presented, on a review of the history of Great Britain and this country, is most instructive. Sixty years since, the former was rich and populous, while the latter was poor and its population was small and widely scattered. In wealth, the Union already exceeds her competitor, and in population it will do so at the close of the next decennial period.

The reason of this is to be found in the fact, that the policy of the one has tended to the separation of the consumer from the producer, while that of the other has, to some extent, tended towards bringing them together. The English system is based upon "ships, colonies, and commerce," and, in carrying it out, her colonies have been in succession exhausted. Ireland now lies prostrate and helpless—a burden upon her hands—an encumbrance rather than an advantage. Poverty and distress are coming gradually nearer and nearer home, while she is encumbered with an enormous debt, no part of which can she pay, and the interest upon which is yet paid only by aid of a series of repudiations quite as discreditable as those with which she is accustomed to charge upon Mississippi and Florida.*

The American system is based upon agriculture, the work of production, and its object has been that of producing prosperous agriculture, by bringing the consumer to take his place by the side of the producer, and thus establishing that great commerce which is performed without the aid of ships or wagons. By aid of that system the original thirteen States have planted numerous colonies, all of which have grown and thriven, giving and receiving strength, while those of England, so long the subjects of immense taxation, are now everywhere a cause of weakness. All desire to abandon her, while all would desire to unite with us, and were they at liberty to exercise their

* The great expansion of the Bank of England in 1839, was followed by the destruction of confidence among individuals to so great an extent that the three per cents went up to par, and the government availed itself of the opportunity to compel the holders of the four and a half per cents to take in exchange new certificates, bearing three and a half per cent. Shortly after the threes fell to eighty. The last expansion has brought about a similar state of things. Confidence is destroyed, and trade is paralyzed, and the threes are again almost at par; and it is now suggested that a new arrangement may be made by which the government may be enabled to repudiate a further portion of the interest on the debt.

inclinations, the sway of the Queen of Great Britain would, probably, at the close of the present year, be limited to that island alone, with its twenty or twenty-two millions of inhabitants.

The *free trade* of England consists in the maintenance of *monopoly*, and therefore is it repulsive. The protective system of this country looks to the breaking down of monopoly, and the establishment of *perfect free trade*, and therefore is it attractive.

The one looks to "cheap" labour, and therefore does it expel individuals as well as communities. The other looks to raising the value of labour, and therefore does it attract both individuals and communities.

Protection tends to the maintenance of peace, and the increase of wealth and power. The colonial system tends to the production of causes of war, and the diminution and ultimate destruction of both wealth and power.

Between the views of those who would desire to see their government strong for defending them in the enjoyment of all their rights in relation to the other communities of the world, and those of others who desire to see the government peacefully and economically administered, there is therefore perfect harmony.

CHAPTER TWENTY-SEVENTH.

HOW PROTECTION AFFECTS THE NATION.

THE man whose labour is productive, exercises the power of self-government, which increases with every increase in the productiveness of his labour. With every diminution in his power of production, he loses more and more the power of self-government, and ultimately becomes a slave.*

So is it with nations. With every increase in the productiveness of their labour, they are more enabled to determine for themselves their own course of action, uninfluenced by that of surrounding nations. With every diminution therein, they are more and more compelled to shape their course of action by that of others, losing the power of self-government.

With the diminished *necessity* for combination with their neighbours, there is an increased *power* for voluntary combination, (annexation,) tending still further to increase the return to labour. With increased *necessity* for combination, there is diminished *power* for voluntary combination, with diminished return to labour.

If protection be "a war upon labour and capital," it must diminish the power of voluntary union, and increase the necessity for uniting our efforts with those of distant nations. If the English monopoly system tend to increase the value of labour and capital, it must tend to increase the power of voluntary union, and diminish the necessity for involuntary union.

Of all the nations of the world, there is, at the present time, not one that exercises in a less degree the power of self-government than that of Great Britain. For the last thirty years, her policy has been dictated by others. The repeal of the laws prohibiting the export of machinery was a matter of necessity, and so have been, in succession, all the laws relative to duties on imports. The duty on cotton was abolished because other nations had obtained machinery. Slave-grown cotton was admitted duty free, while slave-grown sugar was subjected to heavy duties, because a supply of cotton was

* "The transition from absolute freedom to a state of slavery is now in progress among the Arabs of Mesopotamia, owing to diminished power of obtaining the means of subsistence by the modes heretofore pursued. The poor and the weak are ensiaved by those who are stronger and more wealthy."—*Spectator*, *March*, 1840.

matter of necessity. The restrictions on slave-grown sugar were abandoned, because the abandonment was necessary. The navigation laws have, step by step, been abandoned, as matter of necessity. The corn laws were repealed because it was deemed necessary to conciliate the growers of corn into becoming large purchasers of cloth and iron. With each step in her progress, pauperism and crime increase, and the necessity for places of banishment for criminals increases, and with each there is increased difficulty in finding places willing to receive them. Having exhausted Van Diemen's land,* and Norfolk Island, the Cape was recently selected for the purpose, but the colonists have set an example of successful resistance that will be elsewhere followed. Canada is now to be set free, and Ireland is to be retained, neither of them of choice, but both as matters of necessity. The nation has lost the power of self-government. Its policy is being dictated to it by the other nations of the world. The tendency to voluntary union has ceased to exist, and each day brings with it new evidence that the dissolution of the British empire is at hand.

If such is the case with the owners of the loom and the anvil, how is it with their subjects who hold the plough and follow the harrow? Ireland has no power of self-government. She is a mere machine in the hands of those who perform the duties of government. Poor-laws are inflicted upon her to such an extent as almost to amount to a confiscation of property, and then other laws are passed to authorize commissioners to take possession of, and sell, a large portion of the property of the kingdom, thus encumbered.

The West Indies were gradually exhausted under the system, and their people despoiled of their property by virtue of laws passed by men who paid no portion of the enormous loss thus inflicted upon their fellow-subjects. The people of Canada have had new systems inflicted upon them with a view to the maintenance of peace, but peace there is none. All desire to obtain the right of self-government, the first step in which will be resistance to the monopoly system.

Of all the colonies of England, the only one that has prospered is this Union, and it has so done, because it has, in a certain degree, exercised the power of self-government, manifested by a determination to bring the loom and the anvil to take their natural places by the side of the plough and the harrow. Hence it is that every colony of Great Britain, Ireland included, desires annexation to us and separation from her. The tendency to voluntary union exists in a degree exceeding any thing that the world has yet seen. Nevertheless, we are yet but little more than a colony. Our people have no control over their own actions. They are almost as dependent upon the will of those who now desire, though vainly, to guide the movements of England, as are those of Canada.

If the people of that country determine to make railroads, iron rises in price, and we build furnaces and open coal mines, and import people to make iron and mine coal. If they cease to make roads, we shut up our furnaces

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* "Thither nearly the whole convict population of Great Britain and Ireland, about 3500 annually in number, were sent for several years. * * The consequence was, that ere long *three-fifths* of the inhabitants of the colony were convicts. * * The morals of the settlement, thus having a majority of convicts, were essentially injured. Crimes unutterable were committed; the hideous inequality of the sexes induced its usual and frightful disorders; the police, how severe and vigilant soever, became unable to coerce the rapidly increasing multitude of criminals; the most daring fled to the woods, where they became bush-rangers; life became insecure, and property sank to half its former value."—*Blackwood's Magazine, November*, 1849. "At present, there are, or at least should be, above 5000 criminals annually transported from the British Islands."—*Ibid.*

and mines, and then the iron men and the coal men have to endeavour to raise food. If they ask a high price for cloth, we build mills. If employment become scarce with them, and their people cease to consume cloth, we close our mills, and our operatives are condemned to idleness. If the Bank of England make money cheap, we buy iron and cloth on credit; if it make it dear, we are called upon for payment, and then we break. If employment for capital be denied at home, our houses and lands rise in price; if capital become scarce, our houses and lands fall in value. If we build mills and furnaces, our people stay at home; if we close them, they scatter abroad. If money be cheap in England, our government obtains a large revenue from duties on the goods that are bought on credit; if it be dear, the revenue falls off, and the government begs for loans in Europe. The value of every thing, and the movement of every thing, in this country, are settled by the movement of the Bank of England, of all the large institutions of the world the one in the government of which there is manifested the least capacity; and the one, consequently, that possesses in the smallest degree the power of self-government. Four times in thirty years has it been on the verge of bankruptcy, and yet to its car and that of the government of England, now floundering in a sea of troubles, is this Union attached by aid of the system now known by the name of free trade.

For thus relinquishing the power of self-government, there should be a large consideration; yet all that we receive from Europe in return for all we send her is fifty cents' worth of iron, half a pound of wool, as much flax, an ounce or two of silk, a cup and saucer, and the weaving and twisting of a pound and a half of cotton, per head, all of which could be produced or performed here by fewer people than have come here in a single year, when we have made a market for their labour. Half a million of people would produce treble the flax, the wool, the silk, and the iron, the china-ware, and spin and weave treble the quantity of silk, wool, flax, and cotton, that we receive from Europe in return for all the land and labour employed in producing the cotton, tobacco, rice, grain, butter, cheese, pork, and other commodities that we send to that quarter of the world; and that half million would consume almost as much cotton as is now consumed by all the people of Ireland, besides being customers to the farmer for fifty millions of dollars' worth of food, timber, and other of the products of the soil. We thus relinquish the power of self-government, not only without receiving an equivalent, but we give our property without an equivalent, and therefore it is that the farmers and planters of the Union remain poor when they might become rich.

Rich they would grow, for the people thus imported would require a vast amount of shipping, and cotton, rice, and tobacco would go cheaply abroad, while a vast consumption at home would maintain the price, and both farmer and planter would be enabled to consume more largely of coffee, tea, silks, books, pictures, gold, silver, and all other articles of necessity or luxury not produced at home, and the producers of those commodities would consume more cloth and iron, both of which we should then produce so cheaply that we could send them abroad, and thus would come wealth and prosperity, happiness and independence.

To the consciousness of the necessity for protection against the monopoly system was due the state of feeling that led to the Revolution. Resistance to oppression led, on various occasions, to non-importation resolutions, and the people were everywhere urged to endeavour to clothe themselves. The necessity for protection was recognised by the early Congresses, and its importance urged upon them by every administration.

Fifty years since, power changed hands; but with the accession of Mr.

Jefferson came no change of policy. He thought "the manufacturer should take his place by the side of the agriculturist." From that time, for a period of thirty-six years, every chief magistrate, *elected by the people*, was from the planting States of the Union, and all of them elected by the same party that elected Mr. Jefferson, and each and every one of them was an advocate of the system which tended to bring the loom to the neighbourhood of the plough, and thus to make a market on the land for the products of the land. By the last of these, his views on this subject were forcibly expressed in a letter that has frequently been published, and from which the following is an extract:

"I will ask, what is the real situation of the agriculturist? Where has the American farmer a market for his surplus produce? Except for cotton, he has neither a foreign nor home market. Does not this clearly prove, when there is no market either at home or abroad, that there is too much labour employed in agriculture, and that the *channels for labour should be multiplied?* Common sense points out at once the remedy; draw from agriculture this superabundant labour, employ it in mechanism and manufactures, thereby creating a home market for your breadstuffs, and distributing labour to the most profitable account, and benefits to the country will result. Take from agriculture in the United States six hundred thousand men, women, and children, and you will at once give a home market for more breadstuffs than all Europe now furnishes us. In short, sir, we have been too long subject to the policy of British merchants. It is true that we should become a little more Americanized, and, instead of feeding the paupers and labourers of England, [as we do by sending there for her manufactures,] feed our own; or else, in a short time, by continuing our present [free trade] policy, we shall all be rendered paupers ourselves."—*President Jackson.*

At the close of that period there was a change of policy. Elected by the same party that had elected his predecessor, Mr. Van Buren adopted the policy which tends to the separation of the consumer from the producer, to the impoverishment of the land and its owner, and the maintenance of the monopoly system by which England had acquired the control of the movements of the world. The effects were disastrous, as may be seen by all who study the diagrams given in the third chapter, and the consequence was a political revolution. For the first time in forty years, a president was elected by the people not being of the party generally known as that of the Democrats. Democracy had changed sides, and the people did not go with it. The consequence of this was, nearly two years later, a return to the policy of protection and a restoration of prosperity, and with prosperity the party that had so long controlled the movements of the country was again restored to power. Unwilling, however, to acknowledge that the revolution of 1840 had been the consequence of an error of policy, they ascribed it to various minor and insignificant causes, and proceeded to the enaction of the tariff of 1846, and the consequence was another revolution by which the party of protection was again restored to power. Like the former, that revolution is now ascribed to minor causes; but those who will study the diagrams to which I have above referred can scarcely fail to see that it was due to the fact that the party styled Democratic had espoused a course of policy that tended to diminish the value of labour, to degrade the labourer, to depress the democracy at home, and to maintain the aristocracy abroad; nor can they, as I think, fail to arrive at the belief that no party adverse to protection can again hold power in this country. Such being the case, the interest of both parties, if actuated solely by purely selfish considerations, would lead to the advocacy of the same course of policy—the one in power desiring that it might not be adopted, and that thus they might profit by the agitation of the question for maintaining themselves in authority, and the one out of power, that it might be settled, and the agitation of the question brought to a close.

CONCLUSION.

Much is said of "the mission" of the people of these United States, and most of it is said by persons who appear to limit themselves to the consideration of the *powers* of the nation, and rarely to think of its *duties*. By such men the grandeur of the national position is held to be greatly increased by having expended sixty or eighty millions upon a war with a weak neighbour, and having thus acquired the power to purchase, at a high price, a vast body of wild land that would, in the natural course of events, have been brought within the Union, in reasonable time, without the cost of a dollar or a life. By such men, the fitting out of expeditions for the purpose of producing civil war among our neighbours of Cuba, is held to be another evidence of grandeur. Others would have us to mix ourselves up with all the revolutionists of Europe; while a fourth and last set sigh at the reflection that our fleets and armies are too small for the magnificence of our position.

By some it is supposed that our "mission" is that of monopolizing the commerce of the world, and the time is anxiously looked for when we shall have "diplomatic relations" with "vast regions of the East," Persia, Corea, Cochin-China, Burmah and Japan, with whom "nothing but the steam-ship can successfully introduce our commerce." By "persevering and successful efforts," it is thought we may secure the "commerce of Japan." That done,

"New York," it is thought, "would become the depôt and storehouse and entrepots of the world, the centre of business and exchanges, the clearing house of international trade and business, the place where assorted cargoes of our own products and manufactures, as well as those of all foreign countries, would be sold and reshipped, and the point to which specie and bullion would flow, as the great creditor city of the world for the adjustment of balances, as the factor of all nations and the point whence this specie would flow into the interior of our country through all the great channels of international trade and intercourse. With these great events accomplished, and with abundant facilities for the warehousing of foreign and domestic goods at New York, it must eventually surpass in wealth, in commerce, and population, any European emporium, whilst, as a necessary consequence, all our other cities and every portion of the Union and all our great interests, would derive corresponding advantages."—*Treasury Report, December*, 1848.

The cost of a mission to Japan would build half a dozen furnaces that would add more to the wealth of the nation in five years than the commerce of that country would do in half a century. The amount we have expended on the mission to Austria, in search of a market for tobacco, would bring here as many Germans as would consume almost as much of our tobacco as is now consumed in the empire, and those tobacco consumers would do more for the growth of New York than either Japan or Austria.

The English doctrine of "ships, colonies, and commerce" is thus reproduced on this side of the Atlantic, and its adoption by the nation would be followed by effects similar to those which have been already described as existing in England. There, for a time, it gave the power to tax the world for the maintenance of fleets and armies, as had before been done by Athens and by Rome, and there it is now producing the same results that have elsewhere resulted from the same system, poverty, depopulation, exhaustion, and weakness.

But little study of our history is required to satisfy the inquirer that the power of the Union, and its magnificent position among the nations of the earth, are due to the fact that we have to so great an extent abstained from measures requiring the maintenance of fleets and armies. The consequence has been that taxes have been light, capital has accumulated rapidly, labour

has been productive, and the labourer has received wages that have enabled him to feed, clothe, and educate his children, and the nation has thus performed its true "mission" in elevating the condition of man. If we desire to find exceptions to this, we must look to those periods in which the policy of Washington, Jefferson, Madison, Monroe, and Jackson, was departed from, and when the government adopted measures tending to the maintenance of the English monopoly of machinery, and there we shall find taxes more heavy, capital accumulating more slowly, labour more unproductive, and the wages of labour so much depressed that the labourer finds it difficult to feed or clothe his children, and still more difficult to educate them.

Two systems are before the world; the one looks to increasing the proportion of persons and of capital engaged in trade and transportation, and therefore to diminishing the proportion engaged in producing commodities with which to trade, with *necessarily* diminished return to the labour of all; while the other looks to increasing the proportion engaged in the work of production, and diminishing that engaged in trade and transportation, with increased return to all, giving to the labourer good wages, and to the owner of capital good profits. One looks to increasing the quantity of raw materials to be exported, and diminishing the inducements to the import of men, thus impoverishing both farmer and planter by throwing on them the burden of freight; while the other looks to increasing the import of men, and diminishing the export of raw materials, thereby enriching both planter and farmer by relieving them from the payment of freight. One looks to giving the *products* of millions of acres of land and of the labour of millions of men for the *services* of hundreds of thousands of distant men; the other to bringing the distant men to consume on the land the products of the land, exchanging day's labour for day's labour. One looks to compelling the farmers and planters of the Union to continue their contributions for the support of the fleets and the armies, the paupers, the nobles, and the sovereigns of Europe; the other to enabling ourselves to apply the same means to the moral and intellectual improvement of the sovereigns of America.* One looks to the continuance of that *bastard* freedom of trade which denies the principle of protection, yet doles it out as revenue duties; the other to extending the area of *legitimate* free trade by the establishment of perfect protection, followed by the annexation of individuals and communities, and ultimately by the abolition of custom-houses. One looks to exporting men to occupy desert tracts, the sovereignty of which is obtained by aid of diplomacy or war; the other to increasing the value of an immense extent of vacant land by importing men by millions for their occupation. One looks to the *centralization* of wealth and power in a great commercial city that shall rival the great cities of modern times, which have been and are being supported by aid of contributions which have exhausted every nation subjected to them; the other to *concentration*, by aid of which a market shall be made upon the land for the products of the land, and the farmer and planter be enriched. One looks to increasing the necessity for commerce; the other to increasing the power to maintain it. One looks to underworking the Hindoo, and sinking the rest of the world to his level; the other to raising the standard of man throughout the world to our level. One looks to pauperism, ignorance, depopulation, and barbarism; the other to increasing wealth, comfort, intelligence, combination of action, and civilization. One looks towards universal war; the other towards universal peace. One is the English system; the other we

* Russia is now raising by loan five millions of pounds sterling to pay the expenses of the war in Hungary. The farmers and planters of the Union are the chief contributors to this loan

may be proud to call the American system, for it is the only one ever devised the tendency of which was that of ELEVATING while EQUALIZING the condition of man throughout the world.

SUCH is the true MISSION of the people of these United States. To them has been granted a privilege never before granted to man, that of the exercise of the right of perfect self-government; but, as rights and duties are inseparable, with the grant of the former came the obligation to perform the latter. Happily their performance is pleasant and profitable, and involves no sacrifice. To raise the value of labour throughout the world, we need only to raise the value of our own. To raise the value of land throughout the world, it is needed only that we adopt measures that shall raise the value of our own. To diffuse intelligence and to promote the cause of morality throughout the world, we are required only to pursue the course that shall diffuse education throughout our own land, and shall enable every man more readily to acquire property, and with it respect for the rights of property. To improve the political condition of man throughout the world, it is needed that we ourselves should remain at peace, avoid taxation for the maintenance of fleets and armies, and become rich and prosperous. To raise the condition of woman throughout the world, it is required of us only that we pursue that course that enables men to remain at home and marry, that they may surround themselves with happy children and grand-children. To substitute true Christianity for the detestable system known as the Malthusian, it is needed that we prove to the world that it is population that makes the food come from the rich soils, and that food tends to increase more rapidly than population, thus vindicating the policy of God to man. Doing these things, the addition to our population by immigration will speedily rise to millions, and with each and every year the desire for that perfect freedom of trade which results from incorporation within the Union, will be seen to spread and to increase in its intensity, leading gradually to the establishment of an empire the most extensive and magnificent the world has yet seen, based upon the principles of maintaining peace itself, and strong enough to insist upon the maintenance of peace by others, yet carried on without the aid of fleets, or armies, or taxes, the sales of public lands alone sufficing to pay the expenses of government.

To establish such an empire—to prove that among the people of the world, whether agriculturists, manufacturers, or merchants, there is perfect harmony of interests, and that the happiness of individuals, as well as the grandeur of nations, is to be promoted by perfect obedience to that greatest of all commands, "Do unto others as ye would that others should do unto you," —is the object and will be the result of that mission. Whether that result shall be speedily attained, or whether it shall be postponed to a distant period, will depend greatly upon the men who are charged with the performance of the duties of government. If their movements be governed by that enlightened self-interest which induces man to seek his happiness in the promotion of that of his fellow-man, it will come soon. If, on the contrary, they be governed by that ignorant selfishness which leads to the belief that individuals, party, or national interests, are to be promoted by measures tending to the deterioration of the condition of others, it will be late.

THE END.

PHILADELPHIA, *July* 4, 1850.

DEAR SIR—There are two diseases raging in the Union—Anti-slavery and Pro-slavery—and from the latter you are, I think, by no means entirely free, for which reason, perhaps, it is that you doubt the accuracy of my views in regard to the causes of the former. I propose now to furnish you a sketch of the causes of your own complaint, with a view to indicate the remedy, believing that you may be satisfied that *both owe their existence to the same error of commercial policy*, and that the same remedial measures will eradicate both, to the great advantage of ourselves, and of the Union in which it is our fortune to live.

Sixty years since, the South united with the North in prohibiting the introduction of slavery into the North-Western Territory. Little more than forty years since, southern men united with northern men in rejecting the application of Indiana to be exempted from the operation of the Ordinance of 1787. Twenty years since, Maryland, Virginia, and Kentucky, were almost prepared for measures looking to the abolition of slavery within their limits, and it was the almost universal belief throughout those States, that gradual abolition was indispensable to their progress in population, wealth, and happiness. Since then, a change, and a most remarkable one, has "come over the face of the southern dream," and it has been discovered that slavery is "a blessing" instead of being a curse, as it was held to be by Washington, Jefferson, Madison, and most if not all of their contemporaries, men perhaps quite as well qualified to form a correct judgment in regard thereto as are any of their descendants. It has also been discovered that the wealth of slave States grows more rapidly than does that of free ones, and that true policy on the part of the latter would lead them to reduce the labouring classes to a state of slavery. Further, it has been *proved* that one of the great objects of certain provisions of the Constitution, was the maintenance of an "equilibrium" between the free and the slave States, and that the ordinance of '87 was "an act of aggression" upon the South, which otherwise would have secured to slavery, and to itself, a portion of the fertile region north of the Ohio, in which "the domestic institution" would have continued to exist side by side with those of the numerous immigrants from the free States, and from Europe, that would have flocked to this northern branch of the southern tree. Extraordinary as is this idea, it is but one of many almost equally so that have been brought out in the long course of pro-slavery agitation, and brought out, too, by men who profess to be disciples of Adam Smith! The answer to the theory of "equilibrium" might be found in the fact, that the effort in 1812, to extend the area of free soil, by incorporating Canadian States within the Union, *was a Southern measure.*

There has thus been a total revolution of the southern feeling on this subject, and it dates back less than twenty years. Were we to look for the cause of this to any mere change of moral feeling, we should err as widely as we should do were we to ascribe the northern agitation in regard to free-soil to an increased conviction of the sinfulness of slavery, and an increased belief that duty to his God required interference on the part of the northern man

with the rights of property of his southern neighbour. The man of the North who denounces slavery as a crime and the slave-holder as a criminal, is not more moral than were thousands of his predecessors who owned slaves and felt that in so doing they were guilty of no crime; nor is the man of the South who regards slavery as "a blessing" less moral than were thousands of his predecessors who regarded it as a blight, and held it to be the duty of all good citizens to exert themselves for its extinction. What, then *is* the cause of this extraordinary change? Why is it that people who but twenty years since were so nearly united in opinion are now so widely separated? Why is it that the cause of emancipation goes backward in the South, as abolitionism and free-soilism go forward in the North? This is a question of great interest, and I will endeavour to answer it, but to do so satisfactorily it will be necessary to show what are the circumstances that in other countries have marked the progress of man from slavery to freedom, or from freedom to a state of slavery.

In all those countries in which men have become free, we see that freedom has come with increased density of population and increased value of land, the owners of which, as a body, have become more rich as its occupants became more free, and as their lands became more and more divided. If we desire evidence of this we may look to the steady growth, for centuries, of value in the land of England, accompanied by increased freedom of the people employed in its cultivation: or to Belgium, where the freest people of continental Europe pay, as annual rent for the use of flax land, ten times as much as would purchase the fee of an acre of good cotton land in Alabama —or to France, where land increases steadily in value as man becomes more free—or, in fact, to any part of the world in which the value of land is increasing, or where it has at any time increased. *The prosperity of the landholder is, therefore, inseparably connected with the growing freedom of the labourer.*

If, on the contrary, we look to those countries in which land diminishes in value, we shall see population diminishing, land accumulating in fewer hands, the landholder becoming poor, and its cultivator becoming less free. For proof of this, we need only look to history for the course of things in Egypt, Greece, and Italy, or to the newspapers for that in Ireland, where the landholder becomes pauperized as the labourer becomes enslaved.

Why this is and *must* be so may readily be explained. In order that land may increase in value there must be increase in the quantity of its products, and in their exchangeable value, and that such increase may take place there must be increase of population, which cannot be the case when all are engaged in agriculture. That such increase may take place the consumer must take his place by the side of the producer. The farmer who is obliged to take his corn to distant markets exhausts his land, and is then obliged to fly to lands still more distant from market, and the exchangeable value of his products diminishes; whereas, he who has a market at his door improves his land, and obtains a constantly increasing return to labour, and the value of his products in exchange for other commodities is constantly increasing, and labour yields, therefore, a constantly increasing return of the necessaries, comforts, and luxuries of life. The one obtains small crops of corn, which he sells at 15 or 20 cents a bushel. The other obtains large crops, and sells at 60 or 70 cents. The cost to the latter of raising a slave would be so great that it would never be repaid, whereas to the former it would be so small that he could afford to raise slaves for sale, and thus the necessary consequence of increase in the quantity and value of the products of the earth, and increase in the value of land—the *immovable* property—is a diminution in the exchangeable value of the slave—the *movable* property—and

therefore it is that with the increasing productiveness of labour, and value of land, the involuntary labourer passes gradually into the voluntary one, the slave becoming free as the master becomes rich.

With every step in the contrary direction the reverse is the case. The man who has exhausted his land abandons it to seek for other land to be again exhausted. He attaches no value to the *immovable* property, but he values greatly that which is *movable*—his slave—and the more distant he is from market the lower will be the exchangeable value of his products, and the less will be the cost of raising slaves. Depopulation, diminished productiveness of labour, poverty, and pro-slavery go therefore hand in hand with each other, while with every step in the increase of population and wealth there must be a growing tendency towards freedom. In the one case slavery will be regarded as "a blessing," while in the other it will be deemed to be a blight, if not a curse.

The careful students of the *Wealth of Nations*, of whom, however, the number is very small, do not need to be told that these views are in perfect accordance with those of its illustrious author, who looked with great affection on the small proprietor cultivating his own land, and on the sturdy yeoman in the enjoyment of the independence and respectability that he saw were naturally consequent upon increased productiveness of agriculture, resulting from the combined exertions of artisans and agriculturists, any interference with which he denounced as "a manifest violation of the most sacred rights of mankind." It was the perfect knowledge that he possessed of the fact that diversity of employment was indispensable to the growth of agriculture that led him to reprobate, as "only fit for a nation of shopkeepers," the system which had for its object that of compelling all the nations of the world to make their exchanges in British markets. He saw clearly that with increase in the proportion of mechanics to agriculturists there was a great increase in the domestic market, with diminished *necessity* for resorting to distant ones, while *the power* there to go was constantly increasing, because the workman who ate the food converted the wool into cloth and fitted it to be cheaply transported—and therefore it was that he regarded every measure tending to prevent increase in the ratio of mechanics to agriculturists as "a great discouragement of agriculture," and every one tending to compel the foreign agriculturist to dispense with the proximity of the artisan as a violation of man's most "sacred rights."

His system and that of the South are the antipodes of each other. The one looks to bringing the consumer to the side of the producer, increasing population, augmenting the value of land, and increasing the freedom of man, with constant increase in the *power* to trade. It is anti-slavery in all its tendencies. The other looks to separating the consumer from the producer, dispersing population, diminishing the value of land and the freedom of man, with constant increase in the *necessity* for trade, and diminution of the power to trade. It is pro-slavery in all its tendencies, because of its most exhausting character. Instead of encouraging the mechanic to come and settle near them, bringing the market to their doors, and enabling them to improve their land, the people of the South have kept him at a distance, and have compelled themselves to seek distant markets, and their lands have been exhausted, the consequence of which has been a necessity for seeking other lands; and therefore it is that the *movable* property—the slave—has tended to rise in their estimation as compared with the *immovable* property—the land: the strongest evidence that could be given of the suicidal character of Southern policy.

How it has operated upon the older Southern States, up to the date of the last census, may be seen from the following table, in which is given in thousands, the movement of their population:—

	1790.	1800.	1810.	1820.	1830.	1840.
Maryland, . . .	319	341	380	407	447	470
Virginia, . . .	748	880	974	1065	1211	1239
North Carolina, . .	393	478	555	638	737	753
South Carolina, . .	249	345	415	502	581	594
. .						
	1,709	2,044	2,324	2,612	2,976	3,056
Per centage of increase,		20	14	12½	14	3

We here see that those States continued to grow in wealth and population up to the period of the census of 1830, and up to that period there existed no abolitionism—no free soil party—nor had the mass of the people of the South the remotest idea that slavery was other than a blight. The following decennial period is marked by the flight of nearly the whole annual growth of the population of those States, and with that flight came pro-slavery, necessarily followed by Northern agitation, because it was a consequence of the adoption of a policy directly opposed to their best interests. The Nashville Convention dates anti-slavery agitation back to 1834, and it was exactly at that period that the institution of domestic slavery began to be lauded as "a blessing." We see thus that an increased tendency to the dispersion of southern population, pro-slavery, and abolition, came into existence almost at one and the same time, and that the two latter were a necessary consequence of the former. If, then, we can ascertain the cause of that tendency to dispersion, we shall be at little loss to determine why it is that public opinion in the two sections of the Union has been so rapidly moving in opposite directions, until at length we have arrived at a point that seems almost to forbid a settlement.

Up to 1824, the political economy of Adam Smith—that which regarded the separation of the mechanic and agriculturist as being in a high degree detrimental to the progress of agriculture—was held to be democratic policy, and the opposition to it was deemed anti-democratic. The tariff of that year received but five votes in the four States of Maine, New Hampshire, Massachusetts, and Rhode Island. That of 1828 received but little more than one-third of the votes of New England, while the opinion of Mr. Madison in favour both of the *right* and the *expediency* of legislation with a view to protection, was then recorded in his letters to Judge Cabell. Such likewise was the opinion of General Jackson, and so long as democracy and protection were held to be consistent with each other—and the tendency of measures was consequently in that direction—there existed comparatively little tendency to the dispersion of southern population, and neither anti-slavery nor pro-slavery was heard of. Agitation on the subject was unknown.

The year 1832 brought with it nullification, and at the instance of South Carolina the policy of the Union was changed. From that year rail-road iron was free of all duty, the iron manufacture was prostrated, and the progress of other manufactures gradually diminished, until at length it ceased. Almost the whole energies of the nation were devoted to making roads by which to enable the farmer *to go* to market, and to enable his customers to fly to the West, there to become his rivals, instead of building mills and furnaces by means of which the market should be made *to come* to him. Dispersion was the order of the day. The slave population was scattered over the whole South, and the free population scattered throughout the West, with constantly increasing necessity for roads, and a constantly increasing diminution in the power to labour with advantage, the result of which was seen in the total prostration of 1842. Examine these facts and satisfy yourself, as I think you can, that diminution in the value of the land of the older southern States, and consequently in the wealth of their people, has kept steady pace with the growth of pro-slavery, and that both owe their existence to the abandonment of the

policy advocated by Adam Smith and his followers, Jefferson and Madison, which looked to placing the mechanic by the side of the food, thus diminishing the cost of transportation and increasing the power to maintain trade.

In 1820, the population of the States south of Virginia and Kentucky, including all those in which cotton is grown, was 2,300,000. In the ensuing ten years, it increased about 900,000, while the older Southern States, Maryland, Virginia, and the two Carolinas, increased about 600,000, and thus the proportions of all were fairly maintained. In the following ten years, the desertion of the older States became so complete that their growth was but 80,000, while that of the States south and west was a million, and the result was that the year 1840 exhibited the extraordinary spectacle of a population little larger than that of New York and Pennsylvania combined, occupying the whole country south of Virginia and Kentucky, with an area of about half a million of square miles, being almost five times as great as the area of those States, and yet so anxious after territory that they were ready almost to go to war for the purpose of securing Texas. The census now about to be taken will exhibit still more extraordinary results, for it will give a population not greatly exceeding that of those two States occupying not only that half million of square miles, but Texas and its immense surface in addition, and yet so anxious for further territory as to be grasping after California, and ready almost to go to war with the rest of the Union for a part of New Mexico, and with each and every step in the progress of depopulation, slavery is held, and necessarily held, to be more and more "a blessing."

Maryland, Virginia, North Carolina, Kentucky, and Tennessee, grow chiefly food, and the men who mine coal, and make cloth and iron, are consumers of food. The closing of the iron works of Pennsylvania and Virginia, and of the North generally, and the total stoppage in the progress of manufactures throughout the Union, tended to diminish the number of consumers of food, and to compel the makers of cloth and iron to disperse themselves over the west, that they might there become producers of food, the necessary consequence of which was a diminution of demand for the products of the Northern slave States, followed by a tendency to abandon the land and remove further south, there to cultivate cotton. The closing of northern mills and furnaces tended therefore to increase the number of cotton producers, and to diminish the number and the power of cotton consumers, and to render the South more completely dependent on Great Britain for a market in which to sell cotton, and to buy cloth and iron, and with each and every year its people have been giving more and receiving less in exchange, with a tendency to further exhaustion, impoverishment, and dispersion, followed by an increase in the pro-slavery feeling. What have been the results, as shown in the value of cotton compared with that of cloth and iron, I will now show.

	1815 to 1817	1827–1834	1845–1846.
Cotton consumed in England, lbs.	100,000,000	275,000,000	596,000,000
Value,	£8,000,000	9,000,000	11,400,000

She pays for this in cotton-cloth and iron, the prices of which, at these periods, were as follows :—

A piece of calico, of 24 yards	16|6*	7|6†	6|7
A ton of merchant-bar iron	£11‡	£7 5	£9 10

* McCulloch's Statistics, Vol. II. p. 70.

† This is the average of the years from 1831 to 1834, as given in Burns's Commercial Glance, and copied in the Merchants' Magazine, Vol. XIX. p. 277.

‡ Average of 1817 to 1819—Merchants' Magazine, Vol. XX. p. 337.

Had the whole been paid in these, the planter would have received of

Cloth, pieces	9,700,000	24,000,000	34,700,000
Or iron, tons	730,000	1,250,000	1,200,000

The *additional* freight, home and foreign, charges, commissions, &c., in the last period were, at three cents per pound, on 496,000,000 of pounds, say $15,000,000. For this the planter would receive, *in Liverpool,* 470,000 *additional* tons of iron, the value of which, in Liverpool, at the present moment, would be about $11,000,000, and thus he not only gave away his cotton, but gave with it a large portion of the cost of transportation. *The whole return to him for* 600,000,000 *was not as great as it had been for* 100,000,000.

It thus appears that notwithstanding all the improvements in manufacture, the planter had to give in the last period *six times* the quantity of cotton to obtain *three and a half times* the cloth that he could have had in the first—and *six times* as much to obtain a *smaller quantity* of iron.

The tobacco trade shows precisely similar results. In 1822, we exported 83,000 hogsheads, and the price was $74 82, yielding about $6,200,000. In 1845, we exported 147,000 hogsheads, and the price was $50, yielding $7,350,000. Deducting the extra expense of transportation to the place of shipment, the producers received less for the large quantity than they had done for the small one. From 1830 to 1835, the export averaged 90,000, and the amount was $6,200,000, yielding to the producer, on his plantation, as much as the larger quantity in 1845. The sum of $6,200,000, at these two periods, would have bought in Liverpool:—

1830 to 1835,	pieces of cloth,	3,300,000,	or tons of iron,	200,000
1845,	"	"	3,900,000	"	130,000

The planter is giving almost two-thirds more of tobacco for twenty per cent. more cloth, although his brother planter is almost ruined by the low price of cotton; but in the case of iron it is worse, for he gives two-thirds *more* for thirty-five per cent. *less,* and this result is the natural consequence of Southern commercial policy. With every increase in the tendency to found, or to occupy, new States, the exchangeable value of Southern products must diminish in its ratio to population, and the pro-slavery feeling must increase.

It is usual to attribute the fall in the price of cotton to too rapid an increase in the *production,* but the real cause is that *Southern policy has prevented increase of consumption,* because it has tended greatly to diminish the power to produce commodities to be given in exchange for it. The quantity of cotton produced has done little more than keep pace with the increase in the population of the States in which it is grown. Twenty years since the latter was 3,200,000, and the production was almost 400,000,000 of pounds. Now, the occupants of those States must number about five millions, and the average crop of the last five years is scarcely more than 800,000,000 of pounds. The growth of production has thus been slow. If next we compare the prices obtained in the ports, at the different periods, and set off against them the extra transportation incident to the occupation of so vast a surface by a small population, we shall be compelled to arrive at the conclusion that the return to labour, per head, is far less than it was twenty years since, and thus that dispersion, diminished value of land, poverty, and pro-slavery have come together, and that necessarily. The remedy for all is to be found in the adoption of a policy that will bring the consumer to the side of the producer, and enable the landholder to grow rich as his slaves become more free. That done, pro-slavery and anti-slavery agitation will pass away, as they came—together.

How essential to the South is a change of policy will, I think, become obvious to you on a retrospect of the proceedings of the last twenty years. It was

in 1821 that it extended its area by the purchase of Florida. From 1835 to 1840 it was proposed to incorporate Texas, but the proposition was repeatedly declined. A treaty for that purpose was then made, but it was rejected by the Senate. Finding that constitutional measures would not accomplish the object, unconstitutional ones were resorted to, and Texas was admitted by a mere majority, and to this the North submitted. War was then made on Mexico—a Southern measure, having for its object the acquisition of more slave territory. California was bought. All of these were pro-slavery measures. During all this time the North made no effort to annex Canada, but had it done so, and had it pursued the same course as was pursued in relation to Texas, what would the South have said and done? Would it not have threatened resistance and dissolution? Would its members not have banded together with a determination to stop all legislation? What did the North do? Nothing! With the single exception of the proposal to prevent slavery from passing its present limits, a *defensive* measure, nothing has been done or attempted to be done during all the period in which the South has been thus engaged in *offensive* measures, for the forcible acquisition of territory to be used for the accomplishment of Southern objects. Northern members have never banded themselves together to stop all legislation even when intended exclusively for the promotion of southern objects deemed most likely to be injurious to northern interests. Nevertheless the South complains unceasingly of "aggressions," and it does so because its whole policy tends to weaken itself, as further continuance in the same direction must continue to do. The more territory it obtains, and the more it is allowed to pursue its own course in the acquisition of territory for the accomplishment of southern objects, the louder are the complaints against the North, *which has never bought a foot of territory, nor sought to obtain one by any other course than that of its peaceful occupation.*

We see thus that with every step in the progress of depopulation, impoverishment, and weakness, pro-slavery grows, and the measures proposed for the maintenance of "the domestic institution" become more and more dangerous to the Union *and to itself.* It is now deemed necessary to annex Cuba, and the present year has seen no less than two expeditions for that purpose, both patronized by the South, and the latter of them defended even on the floor of the Senate. Now, if there be any one measure better calculated than any other that could be devised for weakening and impoverishing the South, it would be the annexation, even if peaceably accomplished, of Cuba. Nothing has thus far saved the cotton planter from ruin, but the withdrawal of part of the population to be applied to the sugar-culture, which would perish at once were Cuba admitted into the Union, and then the force now employed in producing sugar would have to return to cotton, although the cotton planter is now saved from ruin by nothing but an occasional short crop. *The pro-slavery feeling, however, overrides all prudential considerations,* and the probability is, that we shall see a revolution in Cuba, produced by pro-slavery agitation, and followed by the emancipation of all the slaves of that island.

The annexation of the Cuban slaves would increase *the supply* of cotton and diminish its price. The annexation of every European immigrant tends to increase *the demand* and raise its price, and yet pro-slavery leads the South to seek the former and to interpose obstacles in the way of the latter. The consumption of cotton, per head, within the Union, is about *fourteen* pounds. In Ireland, it is little more than *one.* Half a million of Irishmen, or of Germans, within the Union, would consume seven millions of pounds, and such an importation of men *for only ten years,* would give, with the natural increase, a population that would consume more of our cotton than is now con-

sumed by the whole population of Great Britain and Ireland. *At ten cents a pound, the latter cannot consume more than about eighty-five millions of pounds,* and the power to pay for it is steadily decreasing.* Immigration trebled from 1831 to 1835; and it did so again from 1844 to 1847. Under the compromise, it became stationary. *It is now steadily receding,* and thus it is that while the whole policy of the South tends to increase the number of cotton producers, it tends to diminish the number and the powers of cotton consumers. Had the growth of immigration for the year 1846–7 to the present time been the same as in the four previous years, it would be this year *six hundred thousand,* making a market on the land for the products of the land to the extent of *sixty millions of dollars;* whereas, there is now every reason to believe that it will not greatly exceed *two hundred thousand,* and thus will the farmers and planters of the Union be deprived of a market to the extent of *forty millions of dollars.*

The average cost of raising the people who arrive in the Union exceeds one thousand dollars, and it is the most valuable species of merchandise that we can import, *because it is the one that adds value to land,* and yet it costs us nothing. The immigration of the present year will be less than it should be by 400,000, worth, at $1,000 per head, *four hundred millions of dollars,* and the Union will be poorer than it would otherwise have been by this whole amount—and probably much more; and all this loss is due to pro-slavery commercial policy. I beg you now to determine for yourself how much so great an interference with the growth of capital tends to diminish the power of the people of the Union to make a market for your great staple.

From 1842–3 to 1847–8, the domestic consumption rose from *less than eight* to almost *fourteen* pounds per head. It is now stationary, with a tendency downwards, whereas it should have grown to *almost twenty pounds* per head, which would give, with a population of twenty-three millions, a home demand for 400,000,000, or almost half of the crop. What then would be the price of cotton? Let it be observed that *every advance of price resulting from increased demand, increases our power to consume, because it is attended with general prosperity.* English merchants caution us against advanced prices, because they "check consumption," but the sole cause of diminished consumption is the inability of England to increase her production of commodities to be given in exchange for it. The reverse would here be the case. *The richer the planter grew the more iron he would need, and the more iron that was needed, the more cotton would be consumed.*

Fortunately for the South, the government lent no countenance to the Cuban scheme, so pregnant with ruin to Southern interests. Fortunate for it would it have been had the late administration acted towards Mexico as the present one has done towards Spain. The sole good fortune to the South in all the recent movements, consists, as I think, in the extensive failure of its views in regard to territorial aggrandizement. A large portion of Texas is unfit for slave cultivation, as is the whole of the recent acquisition from Mexico. Had it been otherwise—had New Mexico and California been a new Alabama and Mississippi—the effect would have been to produce a still more rapid dispersion of population, attended with a great diminution in the value of landed property in all the States east of the Mississippi, a diminution in the return to labour, and diminished strength, the natural accompaniment of which would have been a very rapid increase of the pro-slavery disease in one part of the Union, and of the anti-slavery one in the other. The result might then have

* Crop.	Price.	British and Irish Consumption.
1841	10·3 cents.	97,000,000
1842	8·2 "	97,000,000
1847	10·1 "	77,000,000

been war between the two sections of the Union, but certainly as I think a dissolution of the Union, next to war the greatest calamity that could befall the South, whose only security is to be found in the establishment and maintenance of harmony.

I pray you now to examine these facts and determine if further progress, in the present direction must not be attended with increased weakness on the part of the South, and increased danger to its institutions, and further to determine if a result widely different would not have been obtained by a continuance of the policy of 1828. Had the mining of coal and the manufacture of iron gone on, would Virginia have been depopulated? Had South Carolina built factories, would her population have ceased to grow? Had they rendered available their water power, their fuel, their ore, and their limestone, would their lands have so greatly diminished in value? Would the whole South now be seen holding meetings with a view to endeavour to diminish the product of cotton? Would it not, on the contrary, be now rejoicing in the increased facility of obtaining both cloth and iron, and the increased power to raise food and cotton consequent upon having brought the consumer to take his place by the side of the producer? Would not the slave be now feeling the benefit in his improved condition, and the master in the increased value of his land? Would not the questions of anti-slavery and free soil have remained as undisturbed as they were twenty years since? Would not the harmony that once existed between the North and the South have been maintained? That it would have been so is, I think, beyond a doubt.

The whole difficulty, be assured, *lies in this question of commercial policy.* The South is constantly weakening itself, and therefore it is that pro-slavery and abolition grow. It has wasted more labour in settling new States, and making new roads through them, than would have built furnaces and mills to make *five times over* all the iron that is made in Britain, and convert *five times over*, all the cotton that is grown in America. It wastes, *annually*, more labour than would mine all the coal, smelt all the ore, roll all the iron, and make all the cloth, made in Britain—and to this enormous waste of labour are due exhaustion, dispersion, weakness, thirst for territory, pro-slavery, and jealousy of its Northern brethren.

Had the labour thus wasted been applied in the States east of the Mississippi, and north of Florida, leaving Missouri, Arkansas, Texas, and Florida for future settlement, what would be now the value of land in the older States? Would it not be double what it is at present? What would be the effect were it now to be so applied? I pray you to answer the question, and then determine for yourself how much the South has paid for almost twenty years of southern policy, and why it is that pro slavery grows at the South, producing abolitionism and free-soilism at the North. That done, determine if the South does not owe it to itself to adopt a system of policy that shall bring about harmony with the North, and security to itself.

It is time that it should terminate its dependence on the market of a country whose production does not, cannot, keep pace with our own, and which, therefore, has, *and must continue to have*, in each successive year, less to give in proportion to what it desires to receive. The adoption of the policy needed for the correction of the oppressive system that was denounced by the author of the *Wealth of Nations*, would bring the market home and enable it to consume on the land a large portion of the products of the land, its exchanges being chiefly made with a people whose productive power increased as fast, if not even faster than its own, so that instead of giving more and receiving less, it would be giving less and receiving more. Let the South now do this—let it make itself independent—and the lands of the South will speedily double in value, and the world will cease to be astonished by the declaration of its belief

that slavery is "a blessing," and then it will cease to hear of abolitionism or free-soilism, because harmony will then have been restored. The people of the South have no friends like those whom they ruin—no enemies like those whose favour they court. Let them look to cultivate the friendship of those who are willing to be their friends, and they need care little for their enemies. Let them fail now to do this—let them continue to compel the majority to obey the will of the minority—and the result must, as I think, be most disastrous to themselves and their institutions—to both the slave and his master. Their safety is to be found in the continuance of the Union, and in that alone, and the Union cannot be maintained if the few shall continue to govern the many, to the ruin of all. Review, I pray you, the whole proceedings of the South, and satisfy yourself, as I think you may, that every step it has taken during the last twenty years has tended to diminish its strength, and then determine whether or not I am right in asserting that it never can be strengthened until it shall learn to act in harmony with its only friends, the people of the North.

And now let me add a few words on the tendency of public opinion on this subject, as manifested in the last twenty years, with a view to forming a judgment as to the future.

The tariffs of '24 *and* '28 *were the work of the always democratic Middle States.* Gen. Jackson's faith on this subject was that of those States. He believed with Adam Smith, that the British system was "a manifest violation of the most sacred rights of mankind," and a great "discouragement of agriculture"—that we had been too long "dependent on the policy of British merchants;" and that it was our duty to provide a better market "for our surplus produce," by diversifying the pursuits of our people—and his opinion on the subject was fully and freely expressed. He transferred to his successor the support of a party as powerful as any that has ever yet existed in the Union; and yet that successor, when a candidate for re-election, received a most signal defeat, *because he had departed from the old democratic faith.* The election of Mr. Polk was due to representations that he was more favourable to protection than Mr. Clay, and but for those representations, he would have been defeated He gave us the tariff of '46, and the result of this subjection of the majority to the will of the minority, was seen in the election of General Taylor, who holds to the old democratic doctrine of the Middle States, which teaches now, as it has always taught, resistance to the British system; and it is as a believer in that doctrine that he will be re-elected, if a candidate.

The Middle States have received, and are receiving, from the tariff of '46, a lesson that will not be soon forgotten, while both at the North and South there have been great changes, and greater ones will yet take place. Many of the warmest friends of the tariff of '42 came, as you know, from Southern States whose delegations had been unanimous in their opposition to that of '28, and every new mill that is built makes converts, because the advantage of bringing the consumer to the side of the producer is thus made manifest. Judging of the future from the past, is there not, then, good reason to believe that *until we shall have conquered freedom of trade* by the annihilation of the monopoly system by aid of which Great Britain has taxed the farmers and planters of the world, no candidate for the presidential office will ever receive a majority of the votes of the people who is not known to be honestly, and decidedly, favourable to the doctrine which teaches that resistance to the British system is as much the duty of the men of 1850, as it was of the men of 1776?

Ten years of adequate protection would accomplish that object by placing

the manufacturing industry of the Union at the head of that of the world; whereas a century of the present system will fail to accomplish it.

I pray you now to look to the fact that the only two cases in which candidates for the presidency have avowed themselves advocates of what is now called free trade, *which consists in sustaining the English monopoly system*, were those of Mr. Van Buren, at his second term, and of General Cass, and that both of them were defeated, although the nominees of a party that has known no other defeat in half a century—and then determine for yourself how long it will be before there will be another candidate for the presidential chair *bold enough* to claim popular support on the ground of his willingness to sustain the system which Adam Smith denounced, and against which the people of '76 rebelled.

I am yours, very truly,

_____ _____.

LETTERS

ON

INTERNATIONAL COPYRIGHT:

BY

H. C. CAREY,

AUTHOR OF "PRINCIPLES OF SOCIAL SCIENCE," ETC. ETC.

SECOND EDITION.

NEW YORK:
PUBLISHED BY HURD AND HOUGHTON,
459 BROOME STREET.
1868.

RIVERSIDE, CAMBRIDGE:
PRINTED BY H. O. HOUGHTON AND COMPANY.

PREFACE.

At the date, now fourteen years since, of the first publication of these letters, the important case of authors *versus* readers — makers of books *versus* consumers of facts and ideas — had for several years been again on trial in the high court of the people. But few years previously the same plaintiffs had obtained a verdict giving large extension of *time* to the monopoly privileges they had so long enjoyed. Not content therewith, they now claimed greater *space*, desiring to have those privileges so extended as to include within their domain the vast population of the British Empire. To that hour no one had appeared before the court on the part of the defendants, prepared seriously to question the plaintiffs' assertion to the effect that literary property stood on the same precise footing, and as much demanded perpetual and universal recognition, as property in a house, a mine, a farm, or a ship. As a consequence of failure in this respect there prevailed, and most especially throughout the Eastern States, a general impression that there was really but one side to the question; that the cause of the plaintiffs was that of truth; that in the past might had triumphed over right; that, however doubtful might be the expediency of making a decree to that effect, there could be little doubt that justice would thereby be done; and that, while rejecting as wholly *inexpedient* the idea of perpetuity, there could be but slight objection to so far recognizing that of universality as to grant to British authors the same privileges that thus far had been accorded to our own.

Throughout those years, nevertheless, the effort to obtain from the legislative authority a decree to that effect had proved an utter failure. Time and again had the case been up for trial, but as often had the plaintiffs' counsel wholly failed to agree among themselves as to the consequences that might reasonably be expected to result

from recognition of their clients' so-called rights. Northern and Eastern advocates, representing districts in which schools and colleges abounded, insisted that perpetuity and universality of privilege must result in giving the defendants cheaper books. Southern counsel, on the contrary, representing districts in which schools were rare, and students few in number, insisted that extension of privilege would have the effect of giving to planters handsome editions of the works they needed, while preventing the publication of "cheap and nasty" editions, fitted for the "mudsills" of Northern States. Failing thus to agree among themselves they failed to convince the jury, mainly representing, as it did, the Centre and the West, as a consequence of which, verdicts favorable to the defendants had, on each and every occasion, been rendered.

A thoroughly adverse popular will having thus been manifested, it was now determined to try the Senate, and here the chances for privilege were better. With a population little greater than that of Pennsylvania, the New England States had six times the Senatorial representation. With readers not a fifth as numerous as were those of Ohio, Carolina, Florida, and Georgia had thrice the number of Senators. By combining these heterogeneous elements the will of the people — so frequently and decidedly expressed — might, it was thought, be set aside. To that end, the Secretary of State, himself one of the plaintiffs, had negotiated the treaty then before the Senate, of the terms of which the defendants had been kept in utter ignorance, and by means of which the principle of taxation without representation was now to be established.

Such was the state of affairs at the date at which, in compliance with the request of a Pennsylvania Senator, the author of these letters put on paper the ideas he had already expressed to him in conversation. By him and other Senators they were held to be conclusive, so conclusive that the plaintiffs were speedily brought to see that the path of safety, for the present at least, lay in the direction of abandoning the treaty and allowing it to be quietly laid in the grave in which it since has rested. That such should have been their course was, at the time, much regretted by the defendants, as they would have greatly preferred an earnest and thorough discussion of the question before the court. Had opportunity been afforded it *would* have been discussed by one, at

least, of the master minds of the Senate;[1] and so discussed as to have satisfied the whole body of our people, authors and editors, perhaps, excepted, that their cause was that of truth and justice; and that if in the past there had been error it had been that of excess of liberality towards the plaintiffs in the suit.

The issue that was then evaded is now again presented, eminent counsel having been employed, and the opening speech having just now been made.[2] Having read it carefully, we find in it, however, nothing beyond a labored effort at reducing the literary profession to a level with those of the grocer and the tallow-chandler. It is an elaborate reproduction of Oliver Twist's cry for "more! more!" — a new edition of the "Beggar's Petition," perusal of which must, as we think, have affected with profound disgust many, if not even most, of the eminent persons therein referred to. In it, we have presented for consideration the sad case of one distinguished writer and admirable man who, by means of his pen alone, had been enabled to pass through a long life of most remarkable enjoyment, although his money receipts had, by reason of the alleged injustice of the consumers of his products, but little exceeded $200,000; that of a lady writer who, by means of a sensational novel of great merit and admirably adapted to the modes of thought of the hour, had been enabled to earn in a single year, the large sum of $40,000, though still deprived of two hundred other thousands she is here said to have fairly earned; of a historian whose labors, after deducting what had been applied to the creation of a most valuable library, had scarcely yielded fifty cents per day; of another who had had but $1000 per month; and, passing rapidly from the sublime to the ridiculous, of a school copy-book maker who had seen his improvements copied, without compensation to himself, for the benefit of English children.

These may and perhaps should be regarded as very sad facts; but had not the picture a brighter side, and might it not have been well for the eminent counsel to have presented both? Might he not, for instance, have told his readers that, in addition to the $200,000 above referred to, and wholly as acknowledgment of his literary services, the eminent recipient had for many years enjoyed a diplomatic sinecure of the highest order, by means of which he had been enabled to give his time to the collection of materials for his most important works? Might he not have fur-

[1] Senator Clayton of Delaware.

[2] See *Atlantic Monthly* for October.

ther told us how other of the distinguished men he had named, as well as many others whose names had not been given, have, in a manner precisely similar, been rewarded for their literary labors? Might he not have said something of the pecuniary and societary successes that had so closely followed the appearance of the novel to whose publication he had attributed so great an influence? Might he not, and with great propriety, have furnished an extract from the books of the "New York Ledger," exhibiting the tens and hundreds of thousands that had been paid for articles which few, if any, would care to read a second time? Might he not have told his readers of the excessive earnings of public lecturers? Might he not, too, have said a word or two of the tricks and contrivances that are being now resorted to by men and women — highly respectable men and women too — for evading, on both sides of the Atlantic, the spirit of the copyright laws while complying with their letter? Would, however, such a course of proceeding have answered his present purpose? Perhaps not! His business was to pass around the hat, accompanying it with a strong appeal to the charity of the defendants, and this, so far as we can see, is all that thus far has been done.

Might not, however, a similar, and yet stronger, appeal now be made in behalf of other of the public servants? At the close of long lives devoted to the public service, Washington, Hamilton, Clay, Clayton, and many other of our most eminent men have found themselves largely losers, not gainers, by public service. The late Governor Andrew's services were surely worth as much, per hour, as those of the authoress of "Uncle Tom's Cabin," yet did he give five years of his life, and perhaps his life itself, for far less than half of what she had received for the labors of a single one. Deducting the expenses incident to his official life, Mr. Lincoln would have been required to labor for five and twenty years before he could have received as much as was paid to the author of the "Sketch Book." The labors of the historian of Ferdinand and Isabella have been, to himself and his family, ten times more productive than have been those of Mr. Stanton, the great war minister of the age. — Turning now, from civil to military life, we see among ourselves officers who have but recently rendered the largest service, but who are now quite coolly whistled down the wind, to find where they can the means of support for wives and children. Studying the lists of honored

dead, we find therein the names of men of high renown whose widows and children are now starving on pensions whose annual amount is less than the monthly receipt of any one of the authors above referred to.

Such being the facts, and that they are facts cannot be denied, let us now suppose a proposition to be made that, with a view to add one, two, three, or four thousand dollars to the annual income of ex-presidents, and ex-legislators, and half as much to that of the widows and children of distinguished officers, there should be established a general pension system, involving an expenditure of the public moneys, and consequent taxation, to the extent of ten or fifteen millions a year, and then inquire by whom it might be supported. Would any single one of the editors who are now so earnest in their appeals for further grants of privilege venture so to do? Would not the most earnest of them be among the first to visit on such a proposition the most withering denunciations? Judging from what, in the last two years, we have read in various editorial columns, we should say that they would be so. Would, however, any member of either house of Congress venture to commit himself before the world by offering such a proposition? We doubt it very much. Nevertheless it is now coolly proposed to establish a system that would not only tax the present generation as many millions annually, but that would grow in amount at a rate far exceeding the growth of population, doing this in the hope that future essayists might be enabled to count their receipts by half instead of quarter millions, and future novelists to collect abroad and at home the hundreds of thousands that, as we are assured, are theirs of *right*, and that are now denied them. When we shall have determined to grant to the widows and children of the men who in the last half dozen years have perished in the public service, some slight measure of justice, it may be time to consider that question, but until then it should most certainly be deferred.

The most active and earnest of all the advocates of literary *rights* was, two years since, if the writer's memory correctly serves him, the most thorough and determined of all our journalists in insisting on the prompt dismissal of thousands and tens of thousands of men who, at their country's call, had abandoned the pursuits and profits of civil life. Did he, however, ever propose that they should be allowed any extra pay on which to live, and by means

of which to support their wives and children, in the interval between discharge from military service and re-establishment in their old pursuits? Nothing of the kind is now recollected. Would he now advocate the enactment of a law by means of which the widow and children of a major-general who had fallen on the field should, so far as pay was concerned, be placed on a level with an ordinary police officer? He might, but that he would do so could not with any certainty be affirmed. She and they would, nevertheless, seem to have claims on the consideration of American men and women fully equal to those of the authoress of "Lady Audley's Secret," already, as she is understood to be, in the annual receipt from this country of more than thrice the amount of the widow's pension, in addition to tens of thousands at home.[1]

It is, however, as we are gravely told, but ten per cent. that she asks, and who could or should object to payment of such a pittance? Not many, perhaps, if unaccompanied by monopoly privleges that would *multiply the ten by ten and make it an hundred!* Alone, the cost to our readers might not now exceed an annual million. Let Congress then pass an act appropriating that sum to be distributed among foreign authors whose works had been, or might be republished here. *That* should have the writer's vote, but he objects, and will continue to object, to any legislative action that shall tend towards giving to already "great and wealthy" publishing houses the *nine* millions that they certainly will charge for collecting the single *one* that is to go abroad.

"Great and wealthy" as they are here said to be, and as they certainly are, we are assured that even they have serious troubles, against which they greatly need to be protected. In common with many heretofore competing railroad companies they have found that, however competition among themselves might benefit the public, it would tend rather to their own injury, and therefore have they, by means of most stringent rules, established a "courtesy" copyright, the effect of which exhibits itself in the fact, that the prices of reprinted books are now rapidly approaching those of domestic production. Further advances in that direction

[1] The London correspondent of Scribner and Co.'s "*Book Buyer*" says that Miss Braddon's first publisher, Mr. Tinsley (who died suddenly last year), called the elegant villa he built for himself at Putney "Audley House," in grateful remembrance of the "Lady" to whose "Secret" he was indebted for fortune; and Miss Braddon herself, through her man of business, has recently purchased a stately mansion of Queen Anne's time, "Litchfield House," at Richmond.

might, however, prove dangerous; "courtesy" rules not, as we are here informed, being readily susceptible of enforcement. A salutary fear of interlopers still restrains those "great and wealthy houses," at heavy annual cost to themselves, and with great saving to consumers of their products. That this may all be changed; that they may build up fortunes with still increased rapidity; that they may, to a still greater extent, monopolize the business of publication; and, that the people may be taxed to that effect; all that is now needed is, that Congress shall pass a very simple law by means of which a few men in Eastern cities shall be enabled to monopolize the business of republication, secure from either Eastern or Western competition. That done, readers will be likely to see a state of things similar to that now exhibited at Chicago, where railroad companies that have secured to themselves all the exits and entrances of the city, are, as we are told, at this moment engaged in organizing a combination that shall have the effect of dividing in fair proportion among the wolves the numerous flocks of sheep.

On all former occasions Northern advocates of literary monopolies assured us that it was in that direction, and in that alone, we were to look for the cheapening of books. Now, nothing of this sort is at all pretended. On the contrary, we are here told of the extreme impropriety of a system which makes it necessary for a New England essayist to accept a single dollar for a volume that under other circumstances would sell for half a guinea; of the wrong to such essayists that results from the issue of cheap "periodicals made up of selections from the reviews and magazines of Europe;" of the "abominable extravagance of buying a great and good novel in a perishable form for a few cents;" of the increased accessibility of books by the "masses of the people" that must result from increasing prices; and of the greatly increased facility with which circulating libraries may be formed whensoever the "great and wealthy houses" shall have been given power to claim from each and every reader of Dickens's novels, as their share of the monopoly profits, thrice as much as he now pays for the book itself! This, however, is only history repeating itself with a little change of place, the argument of to-day, coming from the North, being an almost exact repetition of that which, twenty years since, came from the South — from the mouths of men who rejoiced in the fact that no newspapers were published in their districts, and

who well *knew* that the way towards preventing the dissemination of knowledge lay in the direction of granting the monopoly privileges that had been asked. The anti-slavery men of the present thus repeat the argument of the pro-slavery men of the past, extremes being thus brought close together.

Our people are here assured that Russia, Sweden, and other countries are ready to unite with them in recognizing the "rights" now claimed. So, too, it may be well believed, would it be with China, Japan, Bokhara, and the Sandwich Islands. Of what use, however, would be such an union? Would it increase the facilities for transplanting the ideas of American authors? Are not the obstacles to such transplantation already sufficiently great, and is it desirable that they should be at all increased? Germany has already tried the experiment, but whether or not, when the time shall come, the existing treaties will be renewed, is very doubtful. Where she now pays dollars, she probably receives cents. Discussion of the question there has led to the translation and republication of the letters here now republished, and the views therein expressed have received the public approbation of men whose opinions are entitled to the highest consideration. What has recently been done in that country in reference to domestic copyright, and what has been the effect, are well exhibited in an article from an English journal just now received, a part of which, American moneys having been substituted for German ones, is here given, as follows: —

"We have so long enjoyed the advantage of unrestricted competition in the production of the works of the best English writers of the past, that we can hardly realize what our position would have been had the right to produce Shakespeare, or Milton, or Goldsmith, or any of our great classic writers, been monopolized by any one publishing-house, — certainly we should never have seen a shilling Shakespeare, or a half-crown Milton; and Shakespeare, instead of being, as he is, 'familiar in our mouths as household words,' would have been known but to the scholar and the student. We are far from condemning an enlightened system of copyright, and have not a word to say in favor of unreasoning competition; but we do think that publishers and authors often lose sight of their own interest in adhering to a system of high prices and restricted sale. Tennyson's works supply us with a case in point — here, to possess a set of Tennyson's poems, a reader must pay something like 38*s.* or 40*s.* — in Boston you may buy a magnificent edition of all his works in two volumes for some-

thing like 15*s*., and a small edition for some four or five shillings. The result is the purchasers in England are numbered by hundreds, in America by thousands. In Germany we have almost a parallel case. There the works of the great German poets, of Schiller, of Goethe, of Jean Paul, of Wieland, and of Herder, are at the present time 'under the protecting privileges of the most illustrious German Confederation,' and, by special privilege, the exclusive property of the Stuttgart publishing firm of J. G. Cotta. On the forthcoming 9th of November this monopoly will cease, and all the works of the above-mentioned poets will be open to the speculation of German publishers generally. It may be interesting to our readers to learn the history of these peculiar legal restrictions, which have so long prevailed in the German book-trade, and the results likely to follow from their removal.

"Until the beginning of this century literary piracy was not prohibited in the German States. As, however, protection of literary productions was, at last, emphatically urged, the Acts of the Confederation (on the reconstruction of Germany in the year 1815) contained a passage to the effect, that the Diet should, at its first meeting, consider the necessity of uniform laws for securing the rights of literary men and publishers. The Diet moved in the matter in the year 1818, appointing a commission to settle this question; and, thanks to that supreme profoundness which was ever applied to the affairs of the father-land by this illustrious body, after twenty-two years of deliberation, on the 9th of Nov., 1837, decreed the law, that the rights of authorship should be acknowledged and respected, at least, for the space of ten years; copyright for a longer period, however, being granted for voluminous and costly works, and for the works of the great German poets.

"In the course of time, however, a copyright for ten years proved insufficient even for the commonest works; it was therefore extended by a decree of the Diet, dated June 19, 1845, over the natural term of the author's life and for thirty years after his death. With respect to the works of all authors deceased before the 9th of November, 1837 — including the works of the poets enumerated above — the Diet decided that they could all be protected until the 9th of November, 1867.

"It was to be expected that the firm of J. G. Cotta, favored until now with so valuable a monopoly, would make all possible exertions not to be surpassed in the coming battle of the Publishers, though it is a somewhat curious sight to see this haughty house, after having used its privileges to the last moment, descend now suddenly from its high monopolistic stand into the arena of competition, and compete for public favor with its plebeian rivals. Availing itself of the advantage which the monopoly hitherto attached to it naturally gives it, the house has just commenced issuing a cheap edition of the German classics, under the title 'Bibliothek für Alle. Meisterwerke deutscher Classiker,' in weekly parts, 6 cts.

each ; containing the selected works of Schiller, at the price of 75 cts., and the selected works of Goethe, at the price of $1.50. And now, just as the monopoly is gliding from their hands, the same firm offers, in a small 16mo edition, Schiller's complete works, 12 vols., for 75 cts.

"Another publisher, A. H. Payne, of Leipzig, announces a complete edition of Schiller's works, including some unpublished pieces, for 75 cts.

"Again, the well-known firm of F. A. Brockhaus holds out a prospectus of a corrected critical edition of the German poets of the eighteenth and nineteenth century, which we have every reason to believe will merit success. A similar enterprise is announced, just now, by the Bibliographical Institution of Hildburghausen, under the title, 'Bibliothek der deutschen Nationalliteratur,' edited by Heinr. Kurz, in weekly parts of 10 sheets, at the price of 12 cts. each. Even an illustrated edition of the Classics will be presented to the public, in consequence of the expiration of the copyright. The Grote'sche Buchhandlung, of Berlin, is issuing the 'Hausbibliothek deutscher Classiker,' with wood-cut illustrations by such eminent artists as Richter, Thumann, and others ; and the first part, just published, containing Louise, by Voss, with truly artistic illustrations, has met with general approbation. But, above all, the popular edition of the poets, issued by G. Hempel, of Berlin, under the general title of 'National Bibliothek sämmtlicher deutscher Classiker,' 8vo. in parts, 6 cts. each, seems destined to surpass all others in popularity, though not in merit. *Of the first part (already published), containing Bürger's Poems, 300,000 copies have been sold, and 150,000 subscribers' names have been registered for the complete series. This immense sale, unequalled in the annals of the German book-trade, will certainly induce many other publishers to embark in similar enterprises.*" — Trübner's *Literary Record*, Oct. 1867.

Judging from this, there will, five years hence, be a million of families in possession of the works of Schiller, Bürger, Goethe, Herder and others, that thus far have been compelled to dispense with their perusal. Sad to think, however, they will be of those cheap editions now so much despised by American advocates of monopoly privileges ! How much better for the German people would it not have been had their Parliament recognized the perpetuity of literary *rights*, and thus enabled the "great and wealthy house" of Cotta and Co. to carry into full effect the idea that their own editions should alone be published, thereby adding other millions to the very many of which they already are the owners !

At this moment a letter from Mr. Bayard Taylor advises us that German circulating libraries impede the sale of books ; that

the circulation of even highly popular works is limited within 20,000; and that, as a necessary consequence, German authors are not paid so well as of right they should be.[1] This, however, is precisely the state of things that, as we are now assured, should be brought about in this country, prices being raised, and readers being driven to the circulating library by reason of the deficiency of the means required for forming the private one. It is the one that *would* be brought about should our authors, unhappily for themselves, succeed in obtaining what is now demanded.

The day has passed, in this country, for the recognition of either perpetuity or universality of literary *rights*. The wealthy Carolinian, anxious that books might be high in price, and knowing well that monopoly privileges were opposed to freedom, gladly co-operated with Eastern authors and publishers, anti-slavery as they professed to be. The enfranchised black, on the contrary, desires that books may be cheap, and to that end he and his representatives will be found in all the future co-operating with the people of the Centre and the West in maintaining the doctrine that literary *privileges* exist in virtue of grants from the people who own the materials out of which books are made; that those privileges have been perhaps already too far extended; that there exists not even a shadow of reason for any further extension; and that to grant what now is asked would be a positive wrong to the many millions of consumers, as well as an obstacle to be now placed in the road towards civilization.

The amount now paid for public service under our various governments is more than, were it fairly distributed, would suffice for giving proper reward to all. Unfortunately the *distribution* is very bad, the largest compensation generally going to those who render the smallest service. So, too, is it with regard to literary employments; and so is it likely to continue throughout the future. Grant all that now is asked, and the effect will be seen in the fact, that of the vastly increased taxation ninety per cent. will go to those who work for money alone, and are already overpaid, leaving but little to be added to the rewards of conscientious men with whom their work is a labor of love, as is the case with the distinguished author of the "History of the Netherlands."

Twenty years ago, Macaulay advised his literary friends to be

[1] New York *Tribune*, Nov. 29.

content, believing, as he told them, that the existing "wholesome copyright" was likely to "share in the disgrace and danger" of the more extended one which they then so much desired to see created. Let our authors reflect on this advice! Success now, were it possible that it should be obtained, would be productive of great danger in the already not distant future. In the natural course of things, most of our authorship, for many years to come, will be found east of the Hudson, most of the buyers of books, meanwhile, being found south and west of that river. International copyright will give to the former limited territory an absolute monopoly of the business of republication, the then great cities of the West being almost as completely deprived of participation therein as are now the towns and cities of Canada and Australia. On the one side, there will be found a few thousand persons interested in maintaining the monopolies that had been granted to authors and publishers, foreign and domestic. On the other, sixty or eighty millions, tired of taxation and determined that books shall be more cheaply furnished. War will then come, and the domestic author, sharing in the "disgrace and danger" attendant upon his alliance with foreign authors and domestic publishers, may perhaps find reason to rejoice if the people fail to arrive at the conclusion that the last extension of *his own privileges* had been inexpedient and should be at once recalled. Let him then study that well-known fable of Æsop entitled "The Dog and the Shadow," and take warning from it!

The writer of these Letters had no personal interest in the question therein discussed. Himself an author, he has since gladly witnessed the translation and republication of his works in various countries of Europe, his sole reason for writing them having been found in a desire for strengthening the many against the few by whom the former have so long, to a greater or less extent, been enslaved. To that end it is that he now writes, fully believing that the *right* is on the side of the consumer of books, and not with their producers, whether authors or publishers. Between the two there is, however, a perfect harmony of all real and permanent interests, and greatly will he be rejoiced if he shall have succeeded in persuading even some few of his literary countrymen that such is the fact, and that the path of safety will be found in the direction of LETTING WELL ENOUGH ALONE.

The reward of literary service, and the estimation in which

literary men are held, both grow with growth in that power of combination which results from diversification of employments; from bringing consumers and producers close together; and from thus stimulating the activity of the societary circulation. Both decline as producers and consumers become more widely separated and as the circulation becomes more languid, as is the case in all the countries now subjected to the British free trade influence. Let American authors then unite in asking of Congress the establishment of a fixed and steady policy which shall have the effect of giving us that industrial independence without which there can be neither political nor literary independence. That once secured, they would thereafter find no need for asking the establishment of a system of taxation which would prove so burdensome to our people as, in the end, to be ruinous to themselves.

H. C. C.

PHILADELPHIA,
Dec. 1867.

LETTERS

ON

INTERNATIONAL COPYRIGHT.

LETTER I.

Dear Sir: — You ask for information calculated to enable you to act understandingly in reference to the international copyright treaty now awaiting the action of the Senate. The subject is an important one, more so, as I think, than is commonly supposed, and being very glad to see that it is now occupying your attention, it will afford me much pleasure to comply, as far as in my power, with your request.

Independently of the principle involved, it seems to me that the course now proposed to be pursued is liable to very grave objection. It is an attempt to substitute the action of the Executive for that of the Legislature, and in a case in which the latter is fully competent to do the work. For almost twenty years, Congress has been besieged with applications on the subject, but without effect. Senate Committees have reported in favor of the measure, but the lower House, composed of the direct representatives of the people, has remained unmoved. In despair of succeeding under any of the ordinary forms of proceeding, its friends have invoked the legislation of the Executive power, and the result is seen in the fact, that the Senate, as a branch of the Executive, is now called upon to sanction a law, in the enactment of which the House of Representatives could not be induced to unite. This may be, and doubtless is, in accordance with the letter of the Constitution, but it is so decidedly in opposition to its spirit that, even were there no other objection, the treaty should be rejected. That, however, is but the smallest of the objections to it.

If the people required such a law, nothing could be more easy

than to act in this case as we have done before in similar ones. When we desired to arrange for reciprocity in relation to navigation, we fixed the terms, and declared that all the other nations of the earth might accede to them if they would. No treaty was needed, and we therefore became bound to no one. It was in our power to repeal the law when we chose. So, again, in regard to patents. Foreigners exercise the power of patenting their inventions, but they do so under a law that is liable to repeal at the pleasure of Congress. In both of these cases, the bills underwent public discussion, and the people that were to be subjected to the law, saw, and understood, and amended the bills before they became laws. Contrast, I beg of you, this course of proceeding with the one now proposed to be pursued in reference to one of the largest branches of our internal trade. Finding that no bill that could be prepared could stand the ordeal of public discussion, a treaty has been negotiated, the terms of which seem to be known to none but the negotiators, and that treaty has been sent to your House of Congress, there to be discussed in secret session by a number of gentlemen, most of whom have given little attention to the general principle involved, while not even a single one can be supposed qualified to judge of the practical working of the provisions by whose aid the principle is to be carried out. Once confirmed, the treaty can be changed only with the consent of England. Here we have secrecy in the making of laws, and irrevocability of the law when made; whereas, in all other cases, we have had publicity and revocability. Legislation like that now proposed would seem to be better suited to the monarchies of Europe, than to the republic of the United States. The reason why this extraordinary course has been adopted is, that the people have never required the passage of such a law, and could not be persuaded to sanction it now, were it submitted to them.

The French and English copyright treaty has, as I understand, caused great deterioration in the value of property that had been accumulated in France under the system that had before existed, and such may prove to be the case with the one now under consideration. Should it be so, the deterioration would prove to be fifty times greater in amount than it was in France. Will it do so? No one knows, because those whose interests are to be affected by the law are not permitted to read the law that is to be made. They know well that they have not been consulted, and

equally well do they know that the negotiator is not familiar with the trade that is to be regulated, and is liable, therefore, to have given his assent to provisions that will work injury never contemplated by him at the time the treaty had been made. Again, provisions may have been inserted, with a view to prevent injury to the publishers, or to the public, that would be found in practice to be utterly futile, or even to augment the difficulty instead of remedying it. That such result would follow the adoption of some of those whose insertion has been urged, I can positively assert. In this state of things, it would seem to be proper that we should know whether the provisions of the treaty were submitted to the examination of any of the parties interested for or against it, and if so, to whom. So far as I can learn, none of those opposed to it have had any opportunity afforded them of reading the law, and if any advice has been taken, it must have been of those publishers who are in favor of it. Those gentlemen, however, are precisely the persons likely most to profit by the adoption of the principle recognized by the treaty; and the more disadvantageous to others the provisions for carrying that principle into effect, the greater must be the advantage to themselves. They, therefore, can be regarded as little more than the exponents of the wishes of their English friends, who were counselling the British Minister on the one hand, while on the other they were, through their friends here, counselling the American one. A treaty negotiated under such circumstances, would seem little likely to provide for the general interests of the American people.

When, in 1837, the attempt was first made to secure for English authors the privilege of copyright, a large number of them united in an agreement declaring a certain New York house to be "the sole authorized publishers and issuers" of their works. Now, had that house volunteered its advice to the Secretary of State of that day, he would scarcely have regarded it as sufficiently disinterested to be qualified for the office it had undertaken; and yet, if any advice in the present case has been asked, it would seem that it must have been from houses that now look forward to filling the place then occupied by that single one, and that cannot, therefore, be regarded as fitted for the office of counsellors to the Secretary of the present day. Recollect, I am, as is everybody else, entirely in the dark. No one knows who furnished advice as to the treaty, nor does any one know what is to be the law when it

shall have been confirmed. Neither can any one tell how the errors that may now be made will be corrected. With a law regularly passed through both Houses of Congress, these difficulties could not arise. They are a natural consequence of this attempt to substitute the will of the Executive for that of the people, as expressed by the House of Representatives, and should, as I think, weigh strongly on the minds of Senators when called to vote upon the treaty. Their constituents have a right to see, and to discuss, the laws that are proposed before those laws are finally made, and whenever it is attempted, as in the present case, to stifle discussion, we may reasonably infer that wrong is about to be done. This is, I believe, the first case in which, on account of the unpopularity of the law proposed, it has been attempted to deprive the popular branch of Congress of its constitutional share in legislation, and if this be sanctioned it is difficult to see what other interests may not be subjected to similar action on the part of the Executive. In all such cases, it is the first step that is most difficult, and before making the one now proposed, you should, as I think, weigh well the importance of the precedent about to be established. No one can hold in greater respect than I do, the honorable gentleman who negotiated this treaty; but in thus attempting to substitute the executive will for legislative action, he seems to me to have made a grave mistake.

In the claim now made in behalf of English authors, there is great apparent justice; but that which is not true, often puts on the appearance of truth. For thousands of years, it seemed so obviously true that the sun revolved around the earth that the fact was not disputed, and yet it came finally to be proved that the earth revolved around the sun. Ricardo's theory of the occupation of the earth, the foundation-stone of his system, had so much apparent truth to recommend it, that it was almost universally adopted, and is now the basis of the whole British politico-economical system; and yet the facts are directly the reverse of what Ricardo had supposed them to be. Such being the case, it might be that, upon a full examination of the subject, we should find that, in admitting the claim of foreign authors, we should be doing injustice and not justice. The English press has, it is true, for many years been engaged in teaching us that we were little better than thieves or pirates; but that press has been so uniformly and unsparingly abusive of us, whenever we have failed to grant all

that it has claimed, that its views are entitled to little weight. At home, many of our authors have taken the same side of the question; and the only answer that has ever, to my knowledge, been made, has been, that if we admitted the claims of foreign authors, the prices of books would be raised, and the people would be deprived of their accustomed supplies of cheap literature — as I think, a very weak sort of defense. If nothing better than this can be said, we may as well at once plead guilty to the charge of piracy, and commence a new and more honest course of action. Evil may not be done that good may come of it, nor may we steal an author's brains that our people may be cheaply taught. To admit that the end justifies the means, would be to adopt the line of argument so often used by English speakers, in and out of Parliament, when they defend the poisoning of the Chinese people by means of opium introduced in defiance of their government, because it furnishes revenue to India; or that which teaches that Canada should be retained as a British colony, because of the facility it affords for violation of our laws; or that which would have us regard smugglers, in general, as the great reformers of the age. We stand in need of no such morality as this. We can afford to pay for what we want; but, even were it otherwise, our motto here, and everywhere, should be the old French one: "*Fais ce que doy, advienne que pourra*" — Act justly, and leave the result to Providence. Before acting, however, we should determine on which side justice lies. Unless I am greatly in error, it is not on the side of international copyright. My reasons for this belief will now be given.

The facts or ideas contained in a book constitute its body. The language in which they are conveyed to the reader constitute the clothing of the body. For the first no copyright is allowed. Humboldt spent many years of his life in collecting facts relative to the southern portion of this continent; yet so soon as he gave them to the light they ceased to be his, and became the common property of all mankind. Captain Wilkes and his companions spent several years in exploring the Southern Ocean, and brought from there a vast amount of new facts, all of which became at once common property. Sir John Franklin made numerous expeditions to the North, during which he collected many facts of high importance, for which he had no copyright. So with Park, Burkhard, and others, who lost their lives in the exploration of Africa. Captain

McClure has just accomplished the Northwest Passage, yet has he no exclusive right to the publication of the fact. So has it ever been. For thousands of years men like these — working men, abroad and at home — have been engaged in the collection of facts; and thus there has been accumulated a vast body of them, all of which have become common property, while even the names of most of the men by whom they were collected have passed away. Next to these come the men who have been engaged in the arrangement of facts and in their comparison, with a view to deduce therefrom the laws by which the world is governed, and which constitute science. Copernicus devoted his life to the study of numerous facts, by aid of which he was at length enabled to give to the world a knowledge of the great fact that the earth revolved around the sun; but he had therein, from the moment of its publication, no more property than had the most violent of his opponents. The discovery of other laws occupied the life of Kepler, but he had no property in them. Newton spent many years of his life in the composition of his "Principia," yet in that he had no copyright, except for the mere clothing in which his ideas were placed before the world. The body was common property. So, too, with Bacon and Locke, Leibnitz and Descartes, Franklin, Priestley, and Davy, Quesnay, Turgot, and Adam Smith, Lamarck and Cuvier, and all other men who have aided in carrying science to the point at which it has now arrived. They have had no property in their ideas. If they labored, it was because they had a thirst for knowledge. They could expect no pecuniary reward, nor had they much reason even to hope for fame. New ideas were, necessarily, a subject of controversy; and cases are, even in our time, not uncommon, in which the announcement of an idea at variance with those commonly recorded has tended greatly to the diminution of the enjoyment of life by the man by whom it has been announced. The contemporaries of Harvey could scarcely be made to believe in the circulation of the blood. Mr. Owen might have lived happily in the enjoyment of a large fortune had he not conceived new views of society. These he gave to the world in the form of a book, that led him into controversy which has almost lasted out his life, while the effort to carry his ideas into effect has cost him his fortune. Admit that he had been right, and that the correctness of his views were now fully established, he would have in

them no property whatever; nor would his books be now yielding him a shilling, because later writers would be placing them before the world in other and more attractive clothing. So is it with the books of all the men I have named. The copyright of the "Principia" would be worth nothing, as would be the case with all that Franklin wrote on electricity, or Davy on chemistry. Few now read Adam Smith, and still fewer Bacon, Leibnitz, or Descartes. Examine where we may, we shall find that the collectors of the facts and the producers of the ideas which constitute the body of books, have received little or no reward while thus engaged in contributing so largely to the augmentation of the common property of mankind.

For what, then, is copyright given? For the clothing in which the body is produced to the world. Examine Mr. Macaulay's "History of England" and you will find that the body is composed of what is common property. Not only have the facts been recorded by others, but the ideas, too, are derived from the works of men who have labored for the world without receiving, and frequently without the expectation of receiving, any pecuniary compensation for their labors. Mr. Macaulay has read much and carefully, and he has thus been enabled to acquire great skill in arranging and clothing his facts; but the reader of his books will find in them no contribution to positive knowledge. The works of men who make contributions of that kind are necessarily controversial and distasteful to the reader; for which reason they find few readers, and never pay their authors. Turn now to our own authors, Prescott and Bancroft, who have furnished us with historical works of so great excellence, and you will find a state of things precisely similar. They have taken a large quantity of materials out of the common stock, in which you, and I, and all of us have an interest; and those materials they have so reclothed as to render them attractive of purchasers; but this is all they have done. Look to Mr. Webster's works, and you will find it the same. He was a great reader. He studied the Constitution carefully, with a view to understand what were the views of its authors, and those views he reproduced in different and more attractive clothing, and there his work ended. He never pretended, as I think, to furnish the world with any new ideas; and if he had done so, he could have claimed no property in them. Few now read the heavy volumes containing the speeches of Fox and Pitt.

They did nothing but reproduce ideas that were common property, and in such clothing as answered the purposes of the moment. Sir Robert Peel did the same. The world would now be just as wise had he never lived, for he made no contribution to the general stock of knowledge. The great work of Chancellor Kent is, to use the words of Judge Story, "but a new combination and arrangement of old materials, in which the skill and judgment of the author in the selection and exposition, and accurate use of those materials, constitute the basis of his reputation, as well as of his copyright." The world at large is the owner of all the facts that have been collected, and of all the ideas that have been deduced from them, and its right in them is precisely the same that the planter has in the bale of cotton that has been raised on his plantation; and the course of proceeding of both has, thus far, been precisely similar; whence I am induced to infer that, in both cases, right has been done. When the planter hands his cotton to the spinner and the weaver, he does not say, "Take this and convert it into cloth, and keep the cloth;" but he does say, "Spin and weave this cotton, and for so doing you shall have such interest in the cloth as will give you a fair compensation for your labor and skill, but, when that shall have been paid, *the cloth will be mine*." This latter is precisely what society, the owner of facts and ideas, says to the author: "Take these raw materials that have been collected, put them together, and clothe them after your own fashion, and for a given time we will agree that nobody else shall present them in the same dress. During that time you may exhibit them for your own profit, but at the end of that period the clothing will become common property, as the body now is. It is to the contributions of your predecessors to our common stock that you are indebted for the power to make your book, and we require you, in your turn, to contribute towards the augmentation of the stock that is to be used by your successors." This is justice, and to grant more than this would be injustice.

Let us turn now, for a moment, to the producers of works of fiction. Sir Walter Scott had carefully studied Scottish and Border history, and thus had filled his mind with facts preserved, and ideas produced, by others, which he reproduced in a different form. He made no contribution to knowledge. So, too, with our own very successful Washington Irving. He drew largely upon the common stock of ideas, and dressed them up in a new, and

what has proved to be a most attractive form. So, again, with Mr. Dickens. Read his "Bleak House" and you will find that he has been a most careful observer of men and things, and has thereby been enabled to collect a great number of facts that he has dressed up in different forms, but that is all he has done. He is in the condition of a man who had entered a large garden and collected a variety of the most beautiful flowers growing therein, of which he had made a fine bouquet. The owner of the garden would naturally say to him: "The flowers are mine, but the arrangement is yours. You cannot keep the bouquet, but you may smell it, or show it for your own profit, for an hour or two, but then it must come to me. If you prefer it, I am willing to pay you for your services, giving you a fair compensation for your time and taste." This is exactly what society says to Mr. Dickens, who makes such beautiful literary bouquets. What is right in the individual, cannot be wrong in the mass of individuals of which society is composed. Nevertheless, the author objects to this, insisting that he is owner of the bouquet itself, although he has paid no wages to the man who raised the flowers. Were he asked to do so, he would, as I shall show in another letter, regard it as leading to great injustice.

LETTER II.

Let us suppose, now, that you should move, in the Senate, a resolution looking to the establishment of the exclusive right of making known the facts, or ideas, that might be brought to light, and see what would be the effect. You would, as I think, find yourself at once surrounded by the gentlemen who dress up those facts and ideas, and issue them in the form of books. The geographer would say to you: "My dear sir, this will never do. Look at my book, and you will see that it is drawn altogether from the works of others, many of whom have sunk their fortunes, while others have lost their lives, in pursuit of the knowledge that I so cheaply give the world. You will find there the essence of the works of Humboldt, and of Wilkes. All of Franklin's discoveries are there, and I am now waiting only for the appearance of McClure's voyage in the Arctic regions to give a new edition of my book. Reflect, I beseech you, upon what you are

about to do. Very few persons have leisure to read, or means to pay for the books of these travellers. A few hundred copies are sufficient to satisfy the demand, and then their works die out. Of mine, on the contrary, the sale is ten, fifteen, or twenty thousand annually, and thus is knowledge disseminated throughout the world, enabling the men who furnish me with facts to reap *a rich harvest of never dying fame.* Grant them a copyright to the new ideas they may supply to the world, and at once you put a stop to the production of such books as mine, to my great injury and to the loss of mankind at large. Facts and ideas are common property, and their owners, the public, have a right to use them as they will."

The historian would say: "Mr. Senator, if you persist in this course, you will never again see histories like mine. Here are hundreds of people scattered over the country, industriously engaged in disinterring facts relating to our early history. They are enthusiasts, and many of them are very poor. Some of them contrive to publish, in the form of books, the results of their researches, while others give them to the newspapers, or to the historical societies, and thus they are enabled to come before the world. Few people buy such things, and it not unfrequently happens that men who have spent their lives in the collection of important facts, waste much of their small means in giving them to an ungrateful nation. Nevertheless, they have their reward in the consciousness that they are thus enabling others to furnish the world with accurate histories of their country. I find them of infinite use. They are my hewers of wood and drawers of water, and they never look for payment for their labor. Deprive me of their services, and I shall be obliged to abandon the production of books, and return to the labors of my profession — and they will be deprived of fame, while the public will be deprived of knowledge."

The medical writer would say: "Mr. Senator, should you succeed in carrying out the idea with which you have commenced, you will, I fear, be the cause of great injury to our profession, and probably of great loss of life, for you will thereby arrest the dissemination of knowledge. We have, here and abroad, thousands of industrious and thoughtful men, more intent upon doing good than upon pecuniary profit, who give themselves to the study of particular diseases, furnishing the results to our journals, and not

unfrequently publishing monographs of the highest value. The sale of these is always small, and their publication not unfrequently makes heavy drafts on the small means of their authors. Such men are of infinite use to me, for it is by aid of their most valuable labors that I have found myself enabled to prepare the numerous and popular works that I have given to the world. Look at them. There are several volumes of each, of which I sell thousands annually, to my great profit. Deprive me of the power to avail myself of the brains of the working men of the profession and my books will soon cease to be of any value, and I shall lose the large income now realized from them, while the public will suffer in their health by reason of the increased difficulty of disseminating information."

The professor would ask you to look at his lectures and satisfy yourself that they contained no single idea that had originated with himself. "How," he would ask, "could these valuable lectures have been produced, had I been deprived of the power to avail myself of the facts collected by the working-men, and the principles deduced from them by the thinkers of the world? I have no leisure to collect facts or analyze them. For many years past, these lectures have yielded me a large income, and so will they continue to do, provided I be allowed to do in future as in time past I have done, appropriate to my own use all the new facts and new ideas I meet with, crediting their authors or not as I find it best to suit my purpose. Abandon your idea, my dear sir; it cannot be carried out. The men who work, and the men who think, must content themselves with fame, and be thankful if the men who write books and deliver lectures do not appropriate to themselves the entire credit of the facts they use, and the ideas they borrow."

The teacher of natural science would say: "My friend, have you reflected on what you are about to do? Look at our collections, and see how they have been enlarged within the last half century. Asia and Africa, and the islands of the Southern Ocean, have been traversed by indefatigable men who, at the hazard of life, and often at the cost of fortune, have quadrupled our knowledge of vegetable and animal life. Such men do not ask for compensation of any kind. They are willing to work for nothing. Why, then, not let them? Look at the vast contributions to geological knowledge that have been made throughout the Union by

men who were content with a bare support, and glad to have the results of their labors published, as they have been, at the public cost. Such men ask no copyright. When they publish, it is almost always at a loss. Wilson lived and died poor. So did Audubon, to whose labors we are indebted for so much ornithological knowledge. Morton expended a large sum in the preparation and publication of his work on crania. Agassiz did the same with his great work on fishes. Cuvier had nothing but fame to bequeath to his family. Lamarck's great work on the *invertebratæ* sold so slowly that very many years elapsed before the edition was exhausted; but he would have found his reward had he lived to see his ideas appropriated without acknowledgment, and reclothed by the author of 'Vestiges of Creation,' of which the sale has been so large. This, my friend, is the use for which such men as Lamarck and Cuvier were intended. They collect and classify the facts, and we popularize them to our own profit. Look at my works and see, bulky as they are, how many editions have been printed, and think how profitable they must have been to the publisher and myself. Look further, and see how numerous are the books to which my labors have indirectly given birth. See the many school-books in relation to botany and other departments of natural science, the authors of which know little of what they undertake to teach, except what they have drawn from me and others like myself. Again, see how numerous are the 'Flora's Emblems,' and the 'Garlands of Flowers,' and the 'Flora's Dictionaries,' and how large is their sale — and how large must be the profits of those engaged in their production. To recognize in such men as Cuvier and Lamarck the existence of any right to either their facts or their deductions would be an act of great injustice towards the race of literary men, while most inexpedient as regards the world at large, now so cheaply supplied with knowledge. As regards the question of international copyright now before the Senate, my views are different. Several of my books have been published abroad, and my publisher here tells me, that to prevent the republication of others he is obliged to supply them cheaply for foreign markets, and thus am I deprived of a fair and just reward for my labors. Copyright should be universal and eternal, and such, I am persuaded, will be the result at which you will arrive when you shall have thoroughly studied the subject."

Having studied it, and having given full consideration to the

views that they and others had presented, your answer would probably be to the following effect: "It is clear, gentlemen, from your own showing, that there are two distinct classes of persons engaged in the production of books — the men who furnish the body, and those who dress it up for production before the world. The first class are generally poor, and likely to continue so. They labor without any view to pecuniary advantage. They are, too, very generally helpless. Animated to their work solely by a desire to penetrate into the secrets of nature the character of their minds unfits them for mixing in a money-getting world, while you are always in that world, ready to enforce your claims to its consideration. As a consequence of this, they are rarely allowed even the credit that is due to them. Their discoveries become at once common property, to be used by men like yourselves, and for your own individual profit. We have here among ourselves a gentleman who has given to astronomy a new and highly important law essential to the perfection of the science, the discovery of which has cost him the labor of a life, as a consequence of which he is poor and likely so to remain. Important as was his discovery, his name is already so completely forgotten that there is probably not a single one among you that can now recall it, and yet his law figures in all the recent books. Is this right? Has *he* no claim to consideration?

"In answer, you will say, that 'to admit the existence of any such rights is not only impossible, but *inexpedient*, even were it possible. Knowledge advances by slow and almost imperceptible steps, and each is but the precursor of a new and more important one. Were each discoverer of a new truth to be authorized to monopolize the teaching of it millions of men, to whom, by our aid, it is communicated, would remain in ignorance of it, and thus would farther advance be prevented. In all times past, such truths have been regarded as common property; and so,' you will add, 'they must continue to be regarded. Rely upon it, the best interests of society require that such shall continue to be the case, however great the apparent injustice to the discoverer.'

"Here, you will observe, you waive altogether the question of *right* which you so strongly enforce in regard to yourselves. It may be that you have reason; but if so, how do you yourselves stand in your relations with the great mass of human beings whose right to this common property is equal with your own? For thou-

sands of years working men, collectors of facts and philosophers, have been contributing to the common stock, and the treasure accumulated is now enormously great; and yet the mass of mankind remain still ignorant, and are poor, depraved, and wretched, because ignorant. Under such circumstances, justice would seem to require of the legislator that he should sanction no measure tending to throw unnecessary difficulty in the way of the dissemination of knowledge. To do so, would be to deprive the many of the power to profit by their interest in the common property. To do so, would be to deprive the men who have contributed to the accumulation of this treasure of even the reward to which, as you admit, they justly may make a claim. If they are to be satisfied with fame, we must do nothing tending to limit the dissemination of their ideas, because to do so would be to limit their power to acquire fame. If they are to be satisfied with the idea of doing good to their fellow-men, we must avoid every thing tending to limit the knowledge of their discoveries, because to do so would be to deprive them of much of their small reward. The state of the matter is, as I conceive, as follows: On one side of you stand the contributors to the vast treasure of knowledge that mankind has accumulated, and is accumulating — men who have, in general, labored without fee or reward; on the other side of you stand the owners of this vast treasure, desirous to have it fashioned in a manner to suit their various tastes and powers, that all may be enabled to profit by its possession. Between them stand yourselves, middlemen between the producers and the consumers. It is your province to combine the facts and ideas, as does the manufacturer when he takes the raw materials of cloth, and, by the aid of the skill of numerous working men, past and present, elaborates them into the beautiful forms that so much gratify our eyes in passing through the Crystal Palace. For this service you are to be paid; but to enable you to receive payment you need the aid of the legislator, as the common law grants no more copyright for the form in which ideas are expressed than for the ideas themselves. In granting this aid he is required to see that, while he secures that you have justice, he does no injustice to the men who produce the raw material of your books, nor to the community whose common property it is. In granting it, he is bound to use his efforts to attain the knowledge needed for enabling him to do justice to all parties, and not to you alone. The laws which else-

where govern the distribution of the proceeds of labor, must apply in your case with equal force. Looking at them, we see that, with the growth of population and of wealth, there is everywhere a tendency to diminution in the proportion of the product that is allowed to the men who stand between the producer and the consumer. In new settlements, trade is small and the shopkeeper requires large profits to enable him to live; and, while the consumer pays a high price, the producer is compelled to be content with a low one. In new settlements, the miller takes a large toll for the conversion of corn into flour, and the spinner and weaver take a large portion of the wool as their reward for converting the balance into cloth. Nevertheless, the shopkeeper, the miller, the spinner, and the weaver are poor, because trade is small. As wealth and population grow, we find the shopkeeper gradually reducing his charge, until from fifty it falls to five per cent.; the miller reducing his, until he finds that he can afford to give all the flour that is yielded by the corn, retaining for himself the bran alone; and the spinner and weaver contenting himself with a constantly diminishing proportion of the wool; and now it is that we find shopkeepers, millers, and manufacturers grow rich, while consumers are cheaply supplied because of the vast increase of trade. In your case, however, the course of proceeding has been altogether different. Half a century since, when our people were but four millions in number, and were poor and scattered, gentlemen like you were secured in the monopoly of their works for fourteen years, with a power of renewal for a similar term. Twenty years since, when the population had almost tripled, and their wealth had sixfold increased, and when the facilities of distribution had vastly grown, the term was fixed at twenty-eight years, with renewal to widow or children for fourteen years more. At the present moment, you are secured in a monopoly for forty-two years, among a population of twenty-six millions of people, certain, at the close of twenty years more, to be fifty millions and likely, at the close of another half century, to be a hundred millions, and with facilities, for the disposal of your products, growing at a rate unequaled in the world. With this vast increase of market, and increase of power over that market, the consumer should be supplied more cheaply than in former times; yet such is not the case. The novels of Mrs. Rowson and Charles B. Brown, and the historical works of Dr. Ramsay, persons who then stood in the first

rank of authors, sold as cheaply as do now the works of Fanny Fern, the 'Reveries' of Ik Marvel, or the history of Mr. Bancroft; and yet, in the period that has since elapsed, the cost of publication has fallen probably twenty-five per cent. We have here an inversion of the usual order of things, and it is with these facts before us that you claim to have your monopoly extended over another thirty millions of people; in consideration of which, our people are to grant to the authors of foreign countries a monopoly of the privilege of supplying them with books produced abroad. This application strikes me as unwise. It tends to produce inquiry, and that will, probably, in its turn, lead rather to a reduction than an extension of your privileges. Can it be supposed that when, but a few years hence, our population shall have attained a height of fifty millions, with a demand for books probably ten times greater than at present, the community will be willing to continue to you a monopoly, during forty-two years, of the right of presenting a body that is common property, as compensation for putting it in a new suit of clothing? I doubt it much, and would advise you, for your own good, to be content with what you have. Æsop tells us that the dog lost his piece of meat in the attempt to seize a shadow, and such may prove to be the case on this occasion. So, too, may it be with the owners of patents. The discoverers of principles receive nothing, but those who apply them enjoy a monopoly created by law for their use. Everybody uses chloroform, but nobody pays its discoverer. The man who taught us how to convert India rubber into clothing has not been allowed even fame, while our courts are incessantly occupied with the men who make the clothing. Patentees and producers of books are incessantly pressing upon Congress with claims for enlargement of their privileges, and are thus producing the effect of inducing an inquiry into the validity of their claim to what they now enjoy. Be content, my friends; do not risk the loss of a part of what you have in the effort to obtain more."

The question is often asked: Why should a man not have the same claim to the perpetual enjoyment of his book that his neighbor has in regard to the house he has built? The answer is, that the rights of the parties are entirely different. The man who builds a house quarries the stone and makes the bricks of which it is composed, or he pays another for doing it for him. When finished, his house is all, materials and workmanship, his own.

The man who makes a book uses the common property of mankind, and all he furnishes is the workmanship. Society permits him to use its property, but it is on condition that, after a certain time, the whole shall become part of the common stock. To find a parallel case, let it be supposed that liberal men should, out of their earnings, place at the disposal of the people of your town stone, bricks, and lumber, in quantity sufficient to find accommodation for hundreds of people that were unable to provide for themselves; next suppose that in this state of things your authorities should say to any man or men, "Take these materials, and procure lime in quantity sufficient to build a house; employ carpenters, bricklayers, and architects, and then, in consideration of having found the lime and the workmanship, you shall have a right to charge your own price to every person who may, for all times, desire to occupy a room in it"; would this be doing justice to the men who had given the raw materials for public use? Would it be doing justice to the community by which they had been given? Would it not, on the contrary, be the height of injustice? Unquestionably it would, and it would raise a storm that would speedily displace the men who had thus abused their trust. Their successors would then say: "Messrs. ——, our predecessors, did what they had no right to do. These materials are common property. They were given without fee or reward, with a view to benefit the whole people of our town, many of whom are badly accommodated, while others are heavily taxed for helping those who are unable to help themselves. To carry out the views of the benevolent men to whom we are indebted for all these stone, bricks, and lumber, they must remain common property. You may, if you will, convert them into a house, and, in consideration of the labor and skill required for so doing, we will grant you, during a certain time, the privilege of letting the rooms, at your own price, to those who desire to occupy them; but at the close of that time the building must become common property, to be disposed of as we please." This is exactly what the community says to the gentlemen who employ themselves in converting its common property into books, and to say more would be doing great injustice.

The length of time for which the building should be thus granted would depend upon the number of persons that would be likely to use the rooms, and the prices they would be willing to

pay. If lodgers were likely to be few and poor, a long time would be required to be given; but if, on the contrary, the community were so great and prosperous as to render it certain that all the rooms would be occupied every day in the year, and at such prices as would speedily repay the labor and skill that had been required, the time allowed would be short. Here, as we see, the course of things would be entirely different from that which is observed in regard to books, the monopoly of which has increased in length with the growth, in wealth and number, of the consumers, and is now attempted, by the aid of international copyright, to be extended over millions of men who are yet exempt from its operation.

The people of this country own a vast quantity of wild land, which by slow degrees acquires a money value, that value being due to the contributions of thousands and tens of thousands of people who are constantly making roads towards them, and thus facilitating the exchange of such commodities as may be raised from them. These lands are common property, but the whole body of their owners has agreed that whenever any one of their number desires to purchase out the interest of his partners he may do so at $1.25 per acre. They do not *give* him any of the common property; they require him to purchase and pay for it.

With authors they pursue a more liberal course. They say: "We have extensive fields in which hundreds of thousands of men have labored for many centuries. They were at first wild lands, as wild as those of the neighborhood of the Rocky Mountains, but this vast body of laborers has felled the trees and drained the swamps, and has thus removed nearly all the difficulties that stood opposed to profitable cultivation. They have also opened mines of incalculable richness; mines of gold, silver, lead, copper, iron, and other metals, and all of these are common property. The men who executed these important works were our slaves, ill fed, worse clothed, and still worse lodged; and thousands of the most laborious and useful of them have perished of disease and starvation. Great as are the improvements already made, their number is constantly increasing, for we continue to employ such slaves — active, intelligent, and useful men — in extending them, and scarcely a day elapses that does not bring to light some new discovery, tending greatly to increase the value of *our common property*. We invite you, gentlemen, to come and cultivate these lands

and work these mines. They are free to all. During the long period of forty-two years you shall have the whole product of your labor, and all we shall ask of you, at the close of that period, will be that you leave behind the common property of which we are now possessed, increased by the addition of such machinery as you may yourselves have made. The corn that you may have extracted, and the gold and silver that you may have mined during that long period, will be the property of yourselves, your wives, and your children. We charge no rent for the use of the lands, no wages for the labor of our slaves." Not satisfied with this, however, the persons who work these rich fields and mines claim to be absolute owners, not only of all the gold and silver they extract, but of all the machinery they construct out of the common property; and out of this claim grows the treaty now before the Senate.

If justice requires the admission of foreigners to the enjoyment of a monopoly of the sale of their books it should be conceded at once to all, and it should be declared that no book should be printed here without the consent of its author, let him be Englishman, Frenchman, German, Russian, or Hindoo. This would certainly greatly increase the difficulty now existing in relation to the dissemination of knowledge; but if justice does require it let it be done. Would it, however, benefit the men who have real claims on our consideration? Let us see. A German devotes his life to the study of the history of his country, and at length produces a work of great value, but of proportional size. Real justice says that his work may not be used without his permission; that the facts he has brought to light from among the vast masses of original documents he has examined are his property, and can be published by none others but himself. The legislation, whose aid is invoked in the name of justice by literary men, speaks, however, very differently. It says: "This work is very cumbrous. To establish his views this man has gone into great detail. If translated, his book will scarcely sell to such extent as to pay the labor. The facts are common property. Out of this book you can make one that will be much more readable, and that will sell, for it will not be of more than one third the size. Take it, then, and extract all you need, and you will do well. You will have, too, another advantage. Translation confers no reputation; but an *original* work, such as I now recommend to you, will give you such a stand-

ing as may lead you on to fortune. Few people know any thing of the original work, and it will not be necessary for you to mention that all your materials are thence derived." On the other hand, a lady who has read the work of this poor German finds in it an episode that she expands into a novel, which sells rapidly, and she reaps at home a large reward for her labors; while the man who gave her the idea starves in a garret. A literary friend of the lady novelist, delighted with her success, finds in his countrywoman's treasury of facts the material for a poem out of which he, too, reaps a harvest. Both of these are protected by international copyright, *because they have furnished nothing but the clothing of ideas;* but the man who supplied them with the ideas finds that his book is condensed abroad, and given to the public, perhaps, without even the mention of his name.

The whole tendency of the existing system is to give the largest reward to those whose labors are lightest, and the smallest to those whose labors are most severe; and every extension of it must necessarily look in that direction. The "Mysteries of Paris" were a fortune to Eugene Sue, and "Uncle Tom's Cabin" has been one to Mrs. Stowe. Byron had 2,000 guineas for a volume of "Childe Harold," and Moore 3,000 for his "Lalla Rookh;" and yet a single year should have more than sufficed for the production of any one of them. Under a system of international copyright, Dumas, already so largely paid, would be protected, whereas Thierry, who sacrificed his sight to the gratification of his thirst for knowledge, would not. Humboldt, the philosopher *par excellence* of the age, would not, because he furnishes his readers with things, and not with words alone. Of the books that record his observations on this continent, but a part has, I believe, been translated into English, and of these but a small portion has been republished in this country, although to be had without claim for copyright. In England their sale has been small, and can have done little more than pay the cost of translation and publication. Had it been required to pay for the privilege of translation, but a small part of even those which have been republished would probably have ever seen the light in any but the language of the author. This great man inherited a handsome property which he devoted to the advancement of science, and what has been his pecuniary reward may be seen in the following statement, derived from an address recently delivered in New York:—

"There are now living in Europe two very distinguished men, barons, both very eminent in their line, both known to the whole civilized world; one is Baron Rothschild, and the other Baron Humboldt; one distinguished for the accumulation of wealth, the other for the accumulation of knowledge. What are the possessions of the philosopher? Why, sir, I heard a gentleman whom I have seen here this afternoon, say that, on a recent visit to Europe, he paid his respects to that distinguished philosopher, and was admitted to an audience. He found him, at the age of 84 years, fresh and vigorous, in a small room, nicely sanded, with a large deal table uncovered in the midst of that room, containing his books and writing apparatus. Adjoining this, was a small bed-room, in which he slept. Here this eminent philosopher received a visitor from the United States. He conversed with him; he spoke of his works. "My works," said he, "you will find in the adjoining library, but I am too poor to own a copy of them. I have not the means to buy a full copy of my own works."

After having furnished to the gentlemen who produce books more of the material of which books are composed than has ever been furnished by any other man, this illustrious man finds himself, at the close of life, altogether dependent on the bounty of the Prussian government, which allows him, as I have heard, less than five hundred dollars a year. In what manner, now, would Humboldt be benefited by international copyright? I know of none; but it is very plain to see that Dumas, Victor Hugo, and George Sand, might derive from it immense revenues. In confirmation of this view, I here ask you to review the names of the persons who urge most anxiously the change of system that is now proposed, and see if you can find in it the name of a single man who has done any thing to extend the domain of knowledge. I think you will not. Next look and see if you do not find in it the names of those who furnish the world with new forms of old ideas, and are largely paid for so doing. The most active advocate of international copyright is Mr. Dickens, who is said to realize $70,000 per annum from the sale of works whose composition is little more than amusement for his leisure hours. In this country, the only attempt that has yet been made to restrict the right of translation is in a suit now before the courts, for compensation for the privilege of converting into German a work that has yielded the largest compensation that the world has yet known for the same quantity of literary labor.

We are constantly told that regard to the interests of science requires that we should protect and enlarge the rights of authors; but does science make any such claim for herself? I doubt it. Men who make additions to science know well that they have, and can have, no rights whatever. Cuvier died very poor, and all the

copyright that could have been given to him or Humboldt would not have enriched either the one or the other. Laplace knew well that his great work could yield him nothing. Our own Bowditch translated it as a labor of love, and left by his will the means required for its publication. The gentlemen who advocate the interests of science are literary men who use the facts and ideas furnished by scientific men, paying nothing for their use. Now, literature is a most honorable profession, and the gentlemen engaged in it are entitled not only to the respect and consideration of their fellow-men, but also to the protection of the law; but in granting it, the legislator is bound to recollect, that justice to the men who furnish the raw materials of books, and justice to the community that owns those raw materials, require that protection shall not, either in point of space or time, be greater than is required for giving the producer of books a full and fair compensation for his labor. How the present system operates in regard to English and American authors, I propose to consider in another letter.

LETTER III.

We are assured that justice requires the admission of foreign authors to the privilege of copyright, and in support of the claim that she presents are frequently informed of the extreme poverty of many highly popular English writers. Mrs. Inchbald, so well known as author of the "Simple Story" and other novels, as well as in her capacity of editor, dragged on, as we are told, to the age of sixty, a miserable existence, living always in mean lodgings, and suffering frequently from want of the common comforts of life. Lady Morgan, so well known as Miss Owenson, a brilliant and accomplished woman, is now to some extent dependent upon the public charity, administered in the form of a pension of less than five hundred dollars a year. Mrs. Hemans, the universally admired poetess, lived and died in poverty. Laman Blanchard lost his senses and committed suicide in consequence of being compelled, by his extreme poverty, to the effort of writing an article for a periodical while his wife lay a corpse in the house. Miss Mitford, so well known to all of us, found herself, after a life of close economy, so greatly reduced as to have been under the neces-

sity of applying to her American readers for means to extricate her little property from the rude hands of the sheriff. Like Lady Morgan, she is now a public pensioner. Leigh Hunt is likewise dependent on the public charity. Tom Hood, so well known by his "Song of a Shirt" — the delight of his readers, and a mine of wealth to his publishers; a man without vices, and of untiring industry — lived always from day to day on the produce of his labor. On his death-bed, when his lungs were so worn with consumption that he could breathe only through a silver tube, he was obliged to be propped up with pillows, and, with shaking hand and dizzy head, force himself to the task of amusing his readers, that he might thereby obtain bread for his unhappy wife and children. With all his reputation, Moore found it difficult to support his family, and all the comfort of his declining years was due to the charity of his friend, Lord Lansdowne. In one of his letters from Germany, Campbell expresses himself transported with joy at hearing that a double edition of his poems had just been published in London. "This unexpected fifty pounds," says he, "saves me from jail." Haynes Bayley died in extreme poverty. Similar statements are furnished us in relation to numerous others who have, by the use of their pens, largely contributed to the enjoyment and instruction of the people of Great Britain. It would, indeed, be difficult to find very many cases in which it had been otherwise with persons exclusively dependent on the produce of literary labor. With few and brilliant exceptions, their condition appears to have been, and to be, one of almost hopeless poverty. Scarcely any thing short of this, indeed, would induce the acceptance of the public charity that is occasionally doled out in the form of pensions on the literary fund.

This is certainly an extraordinary state of things, and one that makes to our charitable feelings an appeal that is almost irresistible. Nevertheless, before giving way to such feelings, it would be proper to examine into the real cause of all this poverty, with a view to satisfy ourselves if real charity would carry us in the direction now proposed. The skilful physician always studies the cause of disease before he determines on the remedy, and this course is quite as necessary in prescribing for moral as for physical disorder. Failing to do this, we might increase instead of diminishing the evil, and might find at last that we had been taxing ourselves in vain.

What is claimed by English authors is perpetuity and universality of property in the clothing they supply for the body that is furnished to the world by other and unpaid men; and an examination of the course of proceeding in that country for the last century and a half shows that each step that has been taken has been in that direction. While denying to the producers of facts and ideas any right whatsoever, every act of legislation has tended to give more and more control over their dissemination to men who appropriated them to their own use, and brought them in an attractive form before the reader. Early in the last century was passed an act well known as the Statute of Queen Anne, giving to authors fourteen years as the period during which they were to have a monopoly of the peculiar form of words they chose to adopt in coming before the world. The number of persons then living in England and Wales, and subjected to that monopoly, was about five millions. Since that time the field of its operation has been enlarged, until it now embraces not only England and Wales, but Scotland, Ireland, and the British colonies, containing probably thirty-two millions of people who use the English language. The time, too, has been gradually extended until it now reaches forty-two years, or thrice the period for which it was originally granted. Nevertheless, no life is more precarious than that of an Englishman dependent upon literary pursuits for support. Such men are almost universally poor, and leading men among them, Tennyson and Sir Francis Head for instance, gladly accept the public charity, in the form of pensions for less than five hundred dollars a year. This is not a consequence of limitation in the field of action, for that is six times greater than it was when Gay netted £1,600 from a single opera, and Pope received £6,000 for his "Homer;" five times greater than when Fielding had £1,000 for his "Amelia;" and four times more than when Robertson had £4,500 for his "Charles V.," Gibbon £5,000 for the second part of his history, and McPherson £1,200 for his "Ossian."[1] Since that time money has become greatly more abundant and less valuable; and if we desired to compare the reward of these authors with those of the present day, the former should be trebled in amount, which would give Robertson more than sixty thousand dollars for a work that is comprised in three 8vo. volumes of very moderate size. It

[1] The several figures here given are from a statement in a British journal. Whether they are perfectly accurate, or not, I have no means of determining.

is not a consequence of limitation of time, for that has grown from fourteen to forty-two years — more than is required for any book except, perhaps, one in five or ten thousand. It should not be a consequence of poverty in the nation, for British writers assure us that wealth so much abounds that wars are needed to prevent its too rapid growth, and that foreign loans are indispensable for enabling the people of Britain to find an outlet for all their vast accumulations. What, then, is the cause of disease? Why is it that in so wealthy a nation literary men and women are so generally poor that it should be required to bring their poverty before the world, to aid in the demand for an extension to other countries of the monopoly so well secured at home? In that country the fortunes of wealthy men count by millions, and, that being the case, an average contribution of a shilling a head towards paying for the copyright of books, would seem to be the merest trifle to be given in return for the pleasure and the instruction derived from the perusal of the works of English authors, and yet even that small sum does not appear to be paid. Thirty-two millions of shillings make almost eight millions of dollars; a sum sufficient to give to six hundred authors more than thirteen thousand dollars a year, being more than half the salary of the chief magistrate of our Union. Admitting, however, that there were a thousand authors worthy to be paid, and that would most certainly cover them all, it would give to each eight thousand dollars, or one third more than we have been accustomed to allow to men who have devoted their lives to the service of the public, and have at length risen to be Secretaries of State. If English authors were thus largely paid, it would be deemed an absurdity to ask an enlargement of their monopoly; but, as they are not thus paid, it is asked. There is probably but a single literary man in England that receives $8,000 a year for his labors, and it may be doubted if it would be possible to name ten whose annual receipts equal $6,000; while those of a vast majority of them are under $1,500, and very many of them greatly under it. Even were we to increase the number of authors to fifteen hundred, one to every 4,000 males between the ages of 20 and 60 in the kingdom, and to allow them, on an average, $2,000 per annum, it would require but three millions of dollars to pay them, and that could be done by an average contribution of five pence per head of the population, a wonderfully small amount to be paid for literary labor by a

nation claiming to be the wealthiest in the world. A shilling a head would give to the whole fifteen hundred salaries nearly equal to those of our Secretaries; and yet we see clever and industrious men, writers of eminence whose readers are to be found in every part of the civilized world, living on in hopeless poverty, and dying with the knowledge that they are leaving widows and children to the "tender mercies" of a world in which they themselves have shone and starved. Viewing all these facts, it may, I think, well be doubted if the annual contributions of the people subject to the British copyright act for the support of the persons who produce their books, much exceeds three pence, or six cents, per head; and here it is that we are to find the real difficulty — one not to be removed by us. The home market is the important one, whether for words or things, and when that is bad but little benefit can be derived from any foreign one; and every effort to extend the latter will, under such circumstances, be found to result in disappointment. It can act only as a plaster to conceal the sore, while the sore itself becomes larger and more dangerous from day to day. To effect a cure, the sore itself must be examined and its cause removed. To cure the disease so prevalent among British authors we must first seek for the causes why the home market for the products of their labor is so very small, and that will be found in the steadily growing tendency towards centralization, so obvious in every part of the operations of the British empire. Centralization and civilization have in all countries, and at all periods of the world, been opposed to each other, and that such is here the case can, I think, readily be shown.

Among the earliest cases in which this tendency was exhibited was that of the Union by which the kingdom of Scotland was reduced to the condition of a province of England, and Edinburgh, from being the capital of a nation, to becoming a mere provincial town. By many and enlightened Scotchmen a federal union would have been preferred; but a legislative one was formed, and from that date the whole public revenue of Scotland tended towards London, towards which tended also, and necessarily, all who sought for place, power, or distinction. An absentee government produced, of course, absentee landholders, and with each step in this direction there was a diminution in the demand at home for talent, which thenceforward sought a market in the great city to which the rents were sent. The connection between the

educated classes of Scotland and the Scottish seats of learning tended necessarily to decline, while the connection between the former and the universities of England became more intimate. These results were, of course, gradually produced, but, as is the case with the stone as it falls towards the earth, the attraction of centralization grew with the growth of the city that was built out of the contributions of distant provinces, while the counteracting power of the latter as steadily declined, and the greater the decline the more rapid does its progress now become. Seventy years after the date of the Union, Edinburgh was still a great literary capital, and could then offer to the world the names of numerous men of whose reputation any country of the world might have been proud: Burns and McPherson; Robertson and Hume; Blair and Kames; Reid, Smith, and Stewart; Monboddo, Playfair, and Boswell; and numerous others, whose reputation has survived to the present day. Thirty-five years later, its press furnished the world with the works of Jeffrey and Brougham; Stewart, Brown, and Chalmers; Scott, Wilson, and Joanna Baillie; and with those of many others whose reputation was less widely spread, among whom were Galt, Hogg, Lockhart, and Miss Ferrier, the authoress of "Marriage." The "Edinburgh Review" and "Blackwood's Magazine," then, to a great extent, represented Scottish men, and Scottish modes of thought. Looking now on the same field of action, it is difficult, from this distance, to discover more than two Scottish authors, Alison and Sir William Hamilton, the latter all "the more conspicuous and remarkable, as he now," says the "North British Review" (Feb. 1853), "stands so nearly alone in the ebb of literary activity in Scotland, which has been so apparent during this generation." McCulloch and Macaulay were both, I believe, born in Scotland, but in all else they are English. Glasgow has recently presented the world with a new poet, in the person of Alexander Smith, but, unlike Ramsay and Burns, there is nothing Scottish about him beyond his place of birth. "It is not," says one of his reviewers, "Scottish scenery, Scottish history, Scottish character, and Scottish social humor, that he represents or depicts. Nor is there," it continues, "any trace in him of that feeling of intense nationality so common in Scottish writers. London," as it adds, "a green lane in Kent, an English forest, an English manor-house, these are the scenes where the real business of the drama is transacted."[1]

[1] *North British Review*, Aug. 1863.

The "Edinburgh Review" has become to all intents and purposes an English journal, and "Blackwood" has lost all those characteristics by which it was in former times distinguished from the magazines published south of the Tweed.

Seeing these facts, we can scarcely fail to agree with the Review already quoted, in the admission that there are "probably fewer leading individual thinkers and literary guides in Scotland at present than at any other period of its history since the early part of the last century," since the day when Scotland itself lost its individuality. The same journal informs us that "there is now scarcely an instance of a Scotchman holding a learned position in any other country," and farther says that "the small number of names of literary Scotchmen known throughout Europe for eminence in literature and science is of itself sufficient to show to how great an extent the present race of Scotchmen have lost the position which their ancestors held in the world of letters." [1]

How, indeed, could it be otherwise? Centralization tends to carry to London all the wealth and all the expenditure of the kingdom, and thus to destroy everywhere the local demand for books or newspapers, or for men capable of producing either. Centralization taxes the poor people of the north of Scotland, and their complaints of distress are answered by an order for their expulsion, that place may be made for sheep and shepherds, neither of whom make much demand for books. Centralization appropriates millions for the improvement of London and the creation of royal palaces and pleasure-grounds in and about that city, while Holyrood, and all other of the buildings with which Scottish history is connected, are allowed to go to ruin. Centralization gives libraries and museums to London, but it refuses the smallest aid to the science or literature of Scotland. Centralization deprives the people of the power to educate themselves, by drawing from them more than thirty millions of dollars, raised by taxation, and it leaves the professors in the colleges of Scotland in the enjoyment of chairs, the emoluments of many of which are but $1,200 per annum. Whence, then, can come the demand for books, or the power to compensate the people who make them? Not, assuredly, from the mass of unhappy people who occupy the Highlands, whose starving condition furnishes so frequent occasion for the comments of their literary countrymen; nor, as certainly, from

[1] *North British Review*, May, 1853.

the wretched inhabitants of the wynds of Glasgow, or from the weavers of Paisley. Centralization is gradually separating the people into two classes — the very rich, who live in London, and the very poor, who remain in Scotland; and with the progress of this division there is a gradual decay in the feeling of national pride, that formerly so much distinguished the people of Scotland. The London "Leader" tells its readers that "England is a power made up of conquests over nationalities;" and it is right. The nationality of Scotland has disappeared; and, however much it may annoy our Scottish friends[1] to have the energetic and intelligent Celt sunk in the "slow and unimpressible" Saxon, such is the tendency of English centralization, everywhere destructive of that national feeling which is essential to progress in civilization.

Looking to Ireland, we find a similar state of things. Seventy years since, that country was able to insist upon and to establish its claim for an independent government, and, by aid of the measures then adopted, was rapidly advancing. From that period to the close of the century the demand for books for Ireland was so great as to warrant the republication of a large portion of those produced in England. The *kingdom* of Ireland of that day gave to the world such men as Burke and Grattan, Moore and Edgeworth, Curran, Sheridan, and Wellington. Centralization, however, demanded that Ireland should become a province of England, and from that time famines and pestilences have been of frequent occurrence, and the whole population is now being expelled to make room for the "slow and unimpressible" Saxon race. Under these circumstances, it is matter of small surprise that Ireland not only produces no books, but that she furnishes no market for those produced by others. Half a century of international copyright has almost annihilated both the producers and the consumers of books.

Passing towards England we may for a moment look to Wales, and then, if we desire to find the effects of centralization and its consequent absenteeism, in neglected schools, ignorant teachers, decaying and decayed churches, and drunken clergymen with immoral flocks, our object will be accomplished by studying the pages of the "Edinburgh Review"[2] In such a state of things as is there described there can be little tendency to the development

[1] See *Blackwood's Magazine*, Sept. 1853, art. "Scotland since the Union."

[2] April, 1853, art. "The Church in the Mountains."

of intellect, and little of either ability or inclination to reward the authors of books. In my next, I will look to England herself.

LETTER IV.

Arrived in England, we find there everywhere the same tendency towards centralization. Of the 200,000 small landed proprietors of the days of Adam Smith but few remain, and of even those the number is gradually diminishing. Great landed estates have everywhere absentees for owners, agents for managers, and day laborers for workmen. The small landowner was a resident, and had a personal interest in the details of the neighborhood, not now felt by either the owner or the laborer. This state of things existed to a considerable extent five-and-thirty years ago, but it has since grown with great rapidity. At that time Great Britain could exhibit to the world perhaps as large a body of men and women of letters, with world-wide reputation, as ever before existed in any country or nation, as will be seen from the following list: —

Byron,	Wilson,	Clarkson,
Moore,	Hallam,	Landor,
Scott,	Roscoe,	Wellington,[1]
Wordsworth,	Malthus,	Robert Hall,
Rogers,	Ricardo,	Taylor,
Campbell,	Mill,	Romilly,
Joanna Baillie,	Chalmers,	Edgeworth,
Southey,	Coleridge,	Hannah More,
Gifford,	Heber,	Dalton,
Jeffrey,	Bentham,	Davy,
Sydney Smith,	Brown,	Wollaston,
Brougham,	Mackintosh,	The Herschels,
Horner,	Stewart,	Dr. Clarke.

DeQuincey was then just coming on the stage. Crabbe, Shelley, Keats, Croly, Hazlitt, Lockhart, Lamb, Hunt, Galt, Lady Morgan, Miss Mitford, Horace Smith, Hook, Milman, Miss Austen, and a host of others, were already on it. Many of these appear to have received rewards far greater than fall now to the lot of some of the most distinguished literary men. Crabbe is said

[1] Wellington's dispatches place him in the first rank of historians.

to have received 3,000 guineas, or $15,000, for his "Tales of the Hall," and Theodore Hook 2,000 guineas for "Sayings and Doings," and, if the facts were so, they prove that poets and novelists were far more valued then than now. At that time, Croker, Barrow, and numerous other men of literary reputation co-operated with Southey and Gifford in providing for the pages of the "Quarterly." All these, men and women, were the product of the last century, when the small landholders of England yet counted by hundreds of thousands.

Since then, centralization has made great progress. The landholders now amount, as we are informed, to only 30,000, and the gulf which separates the great proprietor from the cultivator has gradually widened, as the one has become more an absentee and the other more a day laborer. The greater the tendency towards the absorption of land by the wealthy banker and merchant, or the wealthy cotton-spinner like Sir Robert Peel, the greater is the tendency towards its abandonment by the small proprietor, who has an interest in local self government, and the greater the tendency towards the centralization of power in London and in the great seats of manufacture. In all those places, it is thought that the prosperity of England is dependent upon "a cheap and abundant supply of labor."[1] The "Times" assures its readers that it is "to the cheap labor of Ireland that England is indebted for all her great works;" and that note is repeated by a large portion of the literary men of England who now ask for protection in the American market against the effects of the system they so generally advocate.

The more the people of Scotland can be driven from the land to take refuge in Glasgow and Paisley, the cheaper must be labor. The more those of Ireland can be driven to England, the greater must be the competition in the latter for employment, and the lower must be the price of labor. The more the land of England can be centralized, the greater must be the mass of people seeking employment in London, Liverpool, Manchester, and Birmingham, and the cheaper must labor be.

Low-priced laborers cannot exercise self-government. All they earn is required for supplying themselves with indifferent food, clothing, and lodging, and they cannot control the expenditure of their wages to such extent as to enable them to educate their

[1] *North British Review*, November, 1852.

children, and hence it is that the condition of the people of England is as here described: —

"About one half of our poor can neither read nor write. The test of signing the name at marriage is a very imperfect absolute test of education, but it is a very good relative one: taking that test, how stands Leeds itself in the Registrar-General's returns? In Leeds, which is the centre of the movement for letting education remain as it is, left entirely to chance and charity to supply its deficiencies, how do we find the fact? This, that in 1846, the last year to which these returns are brought down, of 1,850 marriages celebrated in Leeds and Hunslet, 508 of the men and 1,020 of the women, or considerably more than one half of the latter, signed their names with marks. 'I have also a personal knowledge of this fact — that of 47 men employed upon a railway in this immediate neighborhood, only 14 can sign their names in the receipt of their wages; and this not because of any diffidence on their part, but positively because they cannot write.' And only lately, the "Leeds Mercury" itself gave a most striking instance of ignorance among persons from Bœotian Pudsey: of 12 witnesses, 'all of respectable appearance, examined before the Mayor of Bradford at the court-house there, only one man could sign his name, and that indifferently.' Mr. Neison has clearly shown, in statistics of crime in England and Wales from 1834 to 1844, that crime is invariably the most prevalent in those districts where the fewest numbers in proportion to the population can read and write. Is it not, indeed, beginning at the wrong end to try and reform men after they have become criminals? Yet you cannot begin with children, from want of schools. Poverty is the result of ignorance, and then ignorance is again the unhappy result of poverty. 'Ignorance makes men improvident and thoughtless — women as well as men; it makes them blind to the future — to the future of this life as well as the life beyond. It makes them dead to higher pleasures than those of the mere senses, and keeps them down to the level of the mere animal. Hence the enormous extent of drunkenness throughout this country, and the frightful waste of means which it involves.' At Bilston, amidst 20,000 people, there are but two struggling schools — one has lately ceased; at Millenhall, Darlaston, and Pelsall, amid a teeming population, no school whatever. In Oldham, among 100,000, but one public day-school for the laboring classes; the others are an infant-school, and some dame and factory schools. At Birmingham, there are 21,824 children at school, and 23,176 at no school; at Liverpool, 50,000 out of 90,000 at no school; at Leicester, 8,200 out of 12,500; and at Leeds itself, in 1841 (the date of the latest returns), some 9,600 out of 16,400 were at no school whatever. It is the same in the counties. 'I have seen it stated that a woman for some time had to officiate as clerk in a church in Norfolk, there being no adult male in the parish able to read and write.' For a population of 17,000,000 we have but twelve normal schools; while in Massachusetts they have three such schools for only 800,000 of population."

Poverty and ignorance produce intemperance and crime, and hence it is that both so much abound throughout England. Infanticide, as we are told, prevails to an extent unknown in any other part of the world. Looking at all these facts, we can readily see that the local demand for information throughout England must be very small, and this enables us to account for the extraordinary fact, that in all that country there has been no daily newspaper printed out of London. There is, consequently,

no local demand for literary talent. The weekly papers that are published require little of the pen, but much of the scissors. The necessary consequence of this is, that every young man who fancies he can write, must go to London to seek a channel through which he may be enabled to come before the public. Here we have centralization again. Arrived in London, he finds a few daily papers, but only one, as we are told, that pays its expenses, and around each of them is a corps of writers and editors as ill-disposed to permit the introduction of any new laborers in their field as are the street-beggars of London to permit any interference with their "beat." If he desires to become contributor to the magazines, it is the same. To obtain the privilege of contributing his "cheap labor" to their pages, he must be well introduced, and if he make the attempt without such introduction he is treated with a degree of insolence scarcely to be imagined by any one not familiar with the "answers to correspondents" in London periodicals. If disposed to print a book he finds a very limited number of publishers, each one surrounded with his corps of authors and editors, and generally provided with a journal in which to have his own books well placed before the world. If, now, he succeeds in gaining favorable notice, he finds that he can obtain but a very small proportion of the price of his book, even if it sell, because centralization requires that all books shall be advertised in certain London journals that charge their own prices, and thus absorb the proceeds of no inconsiderable portion of the edition. Next, he finds the Chancellor of the Exchequer requiring a share of the proceeds of the book for permission to use paper, and further permission to advertise his work when printed.[1] Inquiring to what purpose are devoted the proceeds of all these taxes, he learns that the centralization which it is the object of the British cheap-labor policy to establish, requires the maintenance of large armies and large fleets which absorb more than all the profits of the commerce they protect. The bookseller informs him that he must take the risk of finding paper, and of paying the Chancellor of the Exchequer, and the "Times" and numerous other journals; that every editor will expect a copy; that the interests of science require that he, poor as he is, shall give no less than eleven copies to the public; and that the most

[1] The tax on advertisements has just now been repealed, but that tax was a small one when compared with that imposed by centralization.

that can be hoped for from the first edition is, that it will not bring him in debt. His book appears, but the price is high, for the reason that the taxes are heavy, and the general demand for books is small. Cheap laborers cannot buy books; soldiers and sailors cannot buy books; and thus does centralization diminish the market for literary talent while increasing the cost of bringing it before the world. Centralization next steps in, in the shape of circulating libraries, that, for a few guineas a year, supply books throughout the kingdom, and enable hundreds of copies to do the work that should be done by thousands, and hence it is that, while first editions of English works are generally small, so very few of them ever reach second ones. Popular as was Captain Marryat, his first editions were, as he himself informed me, for some time only 1,500, and had not then risen above 2,000. Of Mr. Bulwer's novels, so universally popular, the first edition never exceeded 2,500; and so it has been, and is, with others. With all Mr. Thackeray's popularity, the sale of his books has, I believe, rarely gone beyond 6,000 for the supply of above thirty millions of people. Occasionally, a single author is enabled to fix the attention of the public, and he is enabled to make a fortune — not from the sale of large quantities at low prices, but of moderate quantities at high prices. The chief case of the kind now in England is that of Mr. Dickens, who sells for twenty shillings a book that costs about four shillings and sixpence to make, and charges his fellow-laborers in the field of literature an enormous price for the privilege of attaching to his numbers the advertisements of their works, as is shown in the following paragraph from one of the journals of the day: —

"Thus far, no writer has succeeded in drawing so large pecuniary profits from the exercise of his talents as Charles Dickens. His last romance, "Bleak House," which appeared in monthly numbers, had so wide a circulation in that form that it became a valuable medium for advertising, so that before its close the few pages of the tale were completely lost in sheets of advertisements which were stitched to them. The lowest price for such an advertisement was £1 sterling, and many were paid for at the rate of £5 and £6. From this there is nothing improbable in the supposition that, in addition to the large sum received for the tale, its author gained some £15,000 by his advertising sheets. The "Household Words" produces an income of about £4,000, though Dickens, having put it entirely in the hands of an assistant editor, has nothing to do with it beyond furnishing a weekly article. Through his talents alone he has raised himself from the position of a newspaper reporter to that of a literary Crœsus."

Centralization produces the "cheap and abundant supply of

labor" required for the maintenance of the British manufacturing system, and "cheap labor" furnishes Mr. Dickens with his "Oliver Twist," his "Tom-all-alone's," and the various other characters and situation by aid of whose delineation he is enabled, as a German writer informs us, to have dinners

"at which the highest aristocracy is glad to be present, and where he equals them in wealth, and furnishes an intellectual banquet of wit and wisdom which they, the highest and most refined circles, cannot imitate."

Centralization enables Mr. Dickens to obtain vast sums by advertising the works of the poor authors by whom he is surrounded, most of whom are not only badly paid, but insolently treated, while even of those whose names and whose works are well known abroad many gladly become recipients of the public charity. In the zenith of her reputation, Lady Charlotte Bury received, as I am informed, but £200 ($960) for the absolute copyright of works that sold for $7.50. Lady Blessington, celebrated as she was, had but from three to four hundred pounds; and neither Marryat nor Bulwer ever received, as I believe, the selling price of a thousand copies of their books as compensation for the copyright.[1] Such being the facts in regard to well-known authors, some idea may be formed in relation to the compensation of those who are obscure. The whole tendency of the "cheap labor" system, so generally approved by English writers, is to destroy the value of literary labor by increasing the number of persons who *must* look to the pen for means of support, and by diminishing the market for its products. What has been the effect of the system will now be shown by placing before you a list of the names of all existing British authors whose reputation can be regarded as of any wide extent, as follows: —

Tennyson,	Thackeray,	Grote,	McCulloch,
Carlyle,	Bulwer,	Macaulay,	Hamilton,
Dickens,	Alison,	J. S. Mill,	Faraday.

This list is very small as compared with that presented in the same field five-and-thirty years since, and its difference in weight is still greater than in number. Scott, the novelist and poet, may certainly be regarded as the counterpoise of much more than any one of the writers of fiction in this list. Byron, Moore, Rogers, and Campbell enjoyed a degree of reputation far exceeding that

[1] This I had from Captain Marryat himself.

of Tennyson. Wellington, the historian of his own campaigns, would much outweigh any of the historians. Malthus and Ricardo were founders of a school that has greatly influenced the policy of the world, whereas McCulloch and Mill are but disciples in that school. Dalton, Davy, and Wollaston will probably occupy a larger space in the history of science than Sir Michael Faraday, large, even, as may be that assigned to him.

Extraordinary as is the existence of such a state of things in a country claiming so much to abound in wealth, it is yet more extraordinary that we look around in vain to see who are to replace even these when age or death shall withdraw them from the literary world. Of all here named, Mr. Thackeray is the only one that has risen to reputation in the last ten years, and he is no longer young; and even he seeks abroad that reward for his efforts which is denied to him by the "cheap labor" system at home. Of the others, nearly, if not quite all, have been for thirty years before the world, and, in the natural course of things, some of them must disappear from the stage of authorship, if not of life. If we seek their successors among the writers for the weekly or monthly journals, we shall certainly fail to find them. Looking to the Reviews, we find ourselves forced to agree with the English journalist, who informs his readers that "it is said, and with apparent justice, that the quarterlies are not as good as they were." From year to year they have less the appearance of being the production of men who looked to any thing beyond mere pecuniary compensation for their labor. In reading them we find ourselves compelled to agree with the reviewer who regrets to see that the centralization which is hastening the decline of the Scottish universities is tending to cause the mind of the whole youth of Scotland to be

"Cast in the mould of English universities, institutions which, from their very completeness, exercise on second-rate minds an influence unfavorable to originality and power of thought." — *North British Review*, May 1853.

Their pupils are, as he says, struck "with one mental die," than which nothing can be less favorable to literary or scientific development.

Thirty years since, Sir Humphrey Davy spoke with his countrymen as follows: —

"There are very few persons who pursue science with true dignity; it is followed more as connected with objects of profit than fame." — *Consolation in Travel.*

Since then, Sir John Herschel has said to them: —

"Here whole branches of continental study are unstudied, and indeed almost unknown by name. It is in vain to conceal the melancholy truth. We are fast dropping behind." — *Treatise on Sound.*

A late writer, already quoted, says that learning is in disrepute. The English people, as he informs us, have

"No longer time or patience for the luxury of a learned treatment of their interests; and a learned lawyer or statesmen, instead of being eagerly sought for, is shunned as an impediment to public business." — *North British Review.*

The reviewer is, as he informs us, "far from regarding this tendency, unfavorable as it is to present progress, as a sign of social retrogression." He thinks that

"Reference to general principles for rules of immediate action on the part of those actually engaged in the dispatch of business, must, from the delay which it necessarily occasions, come to be regarded as a worse evil than action which is at variance with principle altogether."

Demand tends to procure supply. Destroy the demand, and the supply will cease. Science, whether natural or social, is not in demand in Great Britain, and hence the diminution of supply. We have here the secret of literary and scientific decline, so obvious to all who study English books or journals, or read the speeches of English statesmen. Empiricism prevails everywhere, and there is a universal disposition to avoid the study of principles. The "cheap labor" system, which it is the object of the whole British policy to establish, cannot be defended on principle, and therefore principles are avoided. Centralization, cheap labor, and enslavement of the body and the mind, travel always in company, and with each step of their progress there is an increasing tendency towards the accumulation of power in the hands of men who should be statesmen, the difficulties of whose positions forbid, however, that they should refer to scientific principles for their government. Action must be had, and immediate action in opposition to principle is preferable to delay; and hence it is that real statesmen are "shunned as an impediment to public business." The greater the necessity for statesmanship, the more must statesmen be avoided. The nearer the ship is brought to the shoal, the more carefully must her captain avoid any reference to the chart. That such is the practice of those charged with the direction of the affairs of England, and such the philosophy of those who control her journals, is obvious to all who study the proceedings of the one or the teachings of the other. From year

to year the ship becomes more difficult of management, and there is increasing difficulty in finding responsible men to take the helm. Such are the effects upon mind that have resulted from that "destruction of nationalities" required for the perfection of the British system of centralization.

England is fast becoming one great shop, and traders have, in general, neither time nor disposition to cultivate literature. The little proprietors disappear, and the day laborers who succeed them can neither educate their children nor purchase books. The great proprietor is an absentee, and he has little time for either literature or science. From year to year the population of the kingdom becomes more and more divided into two great classes; the very poor, with whom food and raiment require all the proceeds of labor, and the very rich who prosper by the cheap labor system, and therefore eschew the study of principles. With the one class, books are an unattainable luxury, while with the other the absence of leisure prevents the growth of desire for their purchase. The sale is, therefore, small; and hence it is that authors are badly paid. In strong contrast with the limited sale of English books at home, is the great extent of sale here, as shown in the following facts: Of the octavo edition of the "Modern British Essayists," there have been sold in five years no less than 80,000 volumes. Of Macaulay's "Miscellanies," 3 vols. 12mo., the sale has amounted to 60,000 volumes. Of Miss Aguilar's writings, the sale, in two years, has been 100,000 volumes. Of Murray's "Encyclopedia of Geography," more than 50,000 volumes have been sold, and of McCulloch's "Commercial Dictionary," 10,000 volumes. Of Alexander Smith's poems, the sale, in a few months, has reached 10,000 copies. The sale of Mr. Thackeray's works has been quadruple that of England, and that of the works of Mr. Dickens counts almost by millions of volumes. Of "Bleak House," in all its various forms — in newspapers, magazines, and volumes — it has already amounted to several hundred thousands of copies. Of Bulwer's last novel, since it was completed, the sale has, I am told, exceeded 35,000. Of Thiers's "French Revolution and Consulate," there have been sold 32,000, and of Montagu's edition of Lord Bacon's works 4,000 copies.

If the sales of books were as great in England as they are here, English authors would be abundantly paid. In reply it will be

said their works are cheap here because we pay no copyright. For payment of the authors, however, a very small sum would be required, if the whole people of England could afford, as they should be able to do, to purchase books. A contribution of a shilling per head would give, as has been shown, a sum of almost eight millions of dollars, sufficient to pay to fifteen hundred salaries nearly equal to those of our Secretaries of State. Centralization, however, destroys the market for books, and the sale is, therefore, small; and the few successful writers owe their fortunes to the collection of large contributions made among a small number of readers; while the mass of authors live on, as did poor Tom Hood, from day to day, with scarcely a hope of improvement in their condition.

Sixty years since, Great Britain was a wealthy country, abounding in libraries and universities, and giving to the world some of the best, and best paid, writers of the age. At that time the people of this country were but four millions, and they were poor, while unprovided with either books or libraries. Since then they have grown to twenty-six millions, millions of whom have been emigrants, in general arriving here with nothing but the clothing on their backs. These poor men have had every thing to create for themselves — farms, roads, houses, libraries, schools, and colleges; and yet, poor as they have been, they furnish now a demand for the principal products of English mind greater than is found at home. If we can make such a market, why cannot they? If they had such a market, would it not pay their authors to the full extent of their merits? Unquestionably it would; and if they see fit to pursue a system tending to cheapen the services of the laborer in the field, in the workshop, and at the desk, there is no more reason for calling upon the people of this country to make up their deficiencies towards those who contribute to their pleasure or instruction by writing books, than there would be in asking us to aid in supporting the hundreds of thousands of day laborers, their wives and children, whom the same system condemns, unpitied, to the workhouse.

But, it will be asked, is it right that we should read the works of Macaulay, Dickens, and others, without compensation to the authors? In answer, it may be said, that we give them precisely what their own countrymen have given to their Dalton, Davy, Wollaston, Franklin, Parry, and the thousands of others who

have furnished the bodies of which books are composed — and more than we ourselves give to the men among us engaged in cultivating science — fame. This, it will be said, is an unsubstantial return; yet Byron deemed it quite sufficient when he first saw an American edition of his works, coming, as it seemed to him, "from posterity." Miss Bremer found no small reward for her labors in knowing the high regard in which she was held; and it was no small payment when, even in the wilds of the West, she met with numerous persons who would gladly have her travel free of charge, because of the delight she had afforded them. Miss Carlen tells her readers that "of one triumph" she was proud. "It was," she says, "when I held in my hand, for the first time, one of my works, translated and published in America. My eyes filled with tears. The bright dreams of youth again passed before me. Ye Americans had planted the seed, and ye also approved of the fruit!" This is the feeling of a writer that cultivates literature with some object in view other than mere profit. It differs entirely from that of English authors, because in England, more than in any other country, book-making is a trade, carried on exclusively with a view to profit; and hence it is that the character of English books so much declines.

But is it really true that foreign authors derive no pecuniary advantage from the republication of their books in this country? It is not. Mr. Macaulay has admitted that much of his reputation, and of the sale of his books at home, had been a consequence of his reputation here, where his Essays were first reprinted. At the moment of writing this, I have met with a notice of his speeches, first collected here, from which the following is an extract: —

"We owe much to America. Not content with charming us with the works of her native genius, she teaches us also to appreciate our own. She steps in between the timidity of a British author, and the fastidiousness of the British public, and by using her 'good offices' brings both parties to a friendly understanding." — *Morning Chronicle.*

If the people of England are largely indebted to America for being made acquainted with the merits of their authors, are not these latter also indebted to America for much of their pecuniary reward? Undoubtedly they are. Mr. Macaulay owes much of his fortune to American publishers, readers, and critics; and such is the case to perhaps a greater extent with Mr. Carlyle, whose papers were first collected here, and their merits thus made known

to his countrymen. Lamb's papers of "Elia" were first collected here. It is to the diligence of an American publisher that De Quincey owes the publication of a complete edition of his works, now to be followed by a similar one in England. The papers of Professor Wilson owe their separate republication to American booksellers. The value of Mr. Thackeray's copyrights has been greatly increased by his reception here. So has it been with Mr. Dickens. All of those persons profit largely by their fame abroad, while the men who contribute to the extension of knowledge by the publication of facts and ideas never reap profit from their publication abroad, and are rarely permitted to acquire even fame. Godfrey died poor. The merchants of England gave no fortune to his children, and Hadley stole his fame. The people of that country, who travel in steam-vessels, have given to the family of Fulton no pecuniary reward, while her writers have uniformly endeavored to deprive him of the reputation which constituted almost the sole inheritance of his family. The whole people of Europe are profiting by the discovery of chloroform; but who inquires what has become of the family of its unfortunate discoverer? Nobody! The people of England profit largely by the discoveries of Fourcroy, Berzelius, and many other of the continental philosophers; but do those who manufacture cheap cloth, or those who wear it, contribute to the support of the families of those philosophers? Did they contribute to their support while alive? Certainly not. To do so would have been in opposition to the idea that the real contributors to knowledge should be "hewers of wood and drawers of water" for the gentlemen who dress up their facts and ideas in an attractive form and place them before the world in the form of cloth or books.

We are largely indebted to the labors of literary men, and they should be well paid, but their claims to pecuniary reward have been much exaggerated, because they have held the pen and have had always a high degree of belief in their own deserts. Their right in the books they publish is precisely similar to, and no greater than, that of the man who culls the flowers and arranges the bouquets; and, when that is provided for, their books are entitled to become common property. English authors are already secured in a monopoly for forty-two years among a body of people so large that a contribution of a shilling a head would enable each and all of them to live in luxury; and if British policy prevents their

countrymen from paying them, it is to the British Parliament they should look for redress, and not to our Executive. When they shall awaken to the fact that "cheap labor" with the spade, the plough, and the loom, brings with it necessarily "cheap labor" with the pen, they will become opponents, and cease to be advocates of the system under which they suffer. All that, in the mean time, we can say to them is, that we protect our own authors by giving them a monopoly of our own immense and rapidly growing market, and that if they choose to come and live among us we will grant them the same protection. We may now look to the condition of our own literary men.

LETTER V.

Our system is based upon an idea directly the reverse of the one on which rests the English system — that of decentralization; and we may now study its effects as shown in the development of literary tendencies and in the reward of authors.

Centralization tends towards taxing the people for building up great institutions at a distance from those who pay the taxes; decentralization towards leaving to the people to tax themselves for the support of common and high schools in their immediate neighborhood. The first tends towards placing the man who has instruction to sell at a distance from those who need to buy it; while the other tends towards bringing the teacher to the immediate vicinity of the scholars, and thus diminishing the cost of education. The effects of the latter are seen in the fact that the new States, no less than the old ones, are engaged in an effort to enable all, without distinction of sex or fortune, to obtain the instruction needful for enabling them to become consumers of books, and customers to the men who produce them. Massachusetts exhibits to the world 182,000 scholars in her public schools; New York, 778,000 in the public ones, and 75,000 in the private ones; and Iowa and Wisconsin are laying the foundation of a system that will enable them, at a future day, to do as much. Boston taxes herself $365,000 for purposes of education, while Philadelphia expends more than half a million for the same purposes, and exhibits 50,000 children in her public schools. Here we have, at once, a great demand for instructors, offering a premium on intellect-

ual effort, and its effect is seen in the numerous associations of teachers, each anxious to confer with the others in regard to improvement in the modes of education. School libraries are needed for the children, and already those of New York exhibit about a million and a half of volumes. Books of a higher class are required for the teachers, and here is created another demand leading to the preparation of new and improved books by the teachers themselves. The scholars enter life and next we find numerous apprentices' libraries and mercantile libraries, producing farther demand for books, and aiding in providing reward for those to whom the world is indebted for them. Everybody *must* learn to read and write, and everybody *must* therefore have books; and to this universality of demand it is due that the sale of those required for early education is so immense. Of the works of Peter Parley it counts by millions; but if we take his three historical books (price 75 cents each) alone, we find that it amounts to between half a million and a million of volumes. Of Goodrich's United States it has been a quarter of a million. Of Morse's Geography and Atlas (50 cents) the sale is said to be no less than 70,000 per annum. Of Abbott's histories the sale is said to have already been more than 400,000, while of Emerson's Arithmetic and Reader it counts almost by millions. Of Mitchell's several geographies it is 400,000 a year.

In other branches of education the same state of things is seen to exist. Of the Boston Academy's collection of sacred music the sale has exceeded 600,000; and the aggregate sale of five books by the same author has probably exceeded a million, at a dollar per volume.

Leaving the common schools we come to the high schools and colleges, of which latter the names of no less than 120 are given in the American Almanac. Here again we have decentralization, and its effect is to bring within reach of almost the whole people a higher degree of education than could be afforded by the common schools. The problem to be solved is, as stated by a recent and most enlightened traveller, "How are citizens to be made thinking beings in the greatest numbers?" Its solution is found in making of the educational fabric a great pyramid, of which the common schools form the base and the Smithsonian Institute the apex, the intermediate places being filled with high schools, lyceums, and colleges of various descriptions, fitted to the powers and

the means of those who need instruction. All these make, of course, demand for books, and hence it is that the sale of Anthon's series of classics (averaging $1) amounts, as I am told, to certainly not less than 50,000 volumes per annum, while of the "Classical Dictionary" of the same author ($4) not less than thirty thousand have been sold. Of Liddell and Scott's "Greek Lexicon" ($5), edited by Prof. Drisler, the sale has been not less than 25,000, and probably much larger. Of Webster's 4to. "Dictionary" ($6) it has been, I am assured, 60,000, and perhaps even 80,000; and of the royal 8vo. one ($3.50), 250,000. Of Bolmar's French school books not less than 150,00 volumes have been sold. The number of books used in the higher schools — text-books in philosophy, chemistry, and other branches of science — is exceedingly great, and it would be easy to produce numbers of which the sale is from five to ten thousand per annum; but to do so would occupy too much space, and I must content myself with the few facts already given in regard to this department of literature.

Decentralization, or local self-government, tends thus to place the whole people in a condition to read newspapers, while the same cause tends to produce those local interests which give interest to the public journals, and induce men to purchase them. Hence it is that their number is so large. The census of 1850 gives it at 2,625; and the increase since that time has been very great. The total number of papers printed can scarcely be under 600,000,000, which would give almost 24 for every person, old and young, black and white, male and female, in the Union. But recently the newspaper press of the United Kingdom was said to require about 160,000 reams of paper, which would give about 75,000,000 of papers, or two and a half per head.

The number of daily papers was returned at 350, but it has greatly increased, and must now exceed four hundred. Chicago, which then was a small town, rejoices now in no less than 24 periodicals, seven of which are daily, and five of them of the largest size. At St. Louis, which but a few years since was on the extreme borders of civilization, we find several, and one of these has grown from a little sheet of 8 by 12 inches to the largest size, yielding to its proprietors $50,000 per annum, while Liverpool, Manchester, and Birmingham are still compelled to depend upon their tri-weekly sheets. St. Louis itself furnishes the type, and Louisville furnishes the paper. Everywhere, the increase in

size is greater than that in the number of newspapers, and the increase of ability in both the city and country press, greater than in either number or size. These things are necessary consequences of that decentralization which builds school-houses and provides teachers, where centralization raises armies and provides generals. The schools enable young men to read, think, and write, and the local newspaper is always at hand in which to publish. Beginning thus with the daily or weekly journal, the youth of talent makes his way gradually to the monthly or quarterly magazine, and ultimately to the independent book.

Examine where we may through the newspaper press, there is seen the activity which always accompanies the knowledge that men *can rise* in the world *if they will;* but this is particularly obvious in the daily press of cities, whose efforts to obtain information, and whose exertions to lay it before the public, are without a parallel. Centralization, like that of the London "Times," furnishes its readers with brief paragraphs of telegraphic news, where decentralization gives columns. The New York "Tribune" furnishes, for two cents, better papers than are given in London for ten, and it scatters them over the country by hundreds of thousands. Decentralization is educating the whole mind of the country, and it is to this it is due that the American farmer is furnished with machines which are, according to the London "Times," "about twice as light in draught as the lightest of English machines of the same description, doing as much, if not more work than the best of them, and with much less power; dressing the grain, which they do not, and which can be profitably disposed of at one half, or at least one third less money than its British rivals" — and is thus enabled to purchase books. Centralization, on the other hand, furnishes the English farmer, according to the same authority, "with machines strong and dear enough to rob him of all future improvements, and tremendously heavy, either to work or to draw;" and thus deprives him of all power to educate his children, or to purchase for himself either books or newspapers.

Religious decentralization exerts also a powerful influence on the arrangements for imparting that instruction which provides purchasers for books. The Methodist Society, with its gigantic operations; the Presbyterian Board of Publication; the Baptist Association; the Sunday-school, and other societies, are all inces-

santly at work creating readers. The effect of all these efforts for the dissemination of cheap knowledge is shown in the first instance in the number of semi-monthly, monthly, and quarterly journals, representing every shade of politics and religion, and every department of literature and science.

The number of these returned to the census was 175; but that must, I think, have been even then much below the truth. Since then it has been much increased. Of two of them, Putnam's and Harper's, the first exclusively original, and the latter about two thirds so, the sale is about two millions of numbers per annum; while of three others, published in Philadelphia, it is about a million. Cheap as are these journals, at twenty-five cents each, the sum total of the price paid for them by the consumers is about $700,000. The quantity of paper required for a single one of them is about 16,000 reams of double medium, being one tenth as much as has recently been given as the consumption of the whole newspaper press of Great Britain and Ireland. Every pursuit in life, and almost every shade of opinion, has its periodical. A single city in Western New York furnishes no less than four agricultural and horticultural journals, one of them published weekly, with a circulation of 15,000, and the others, monthly, with a joint circulation of 25,000. The "Merchants' Magazine," which set the example for the one now published in London, has a circulation of 3,500. The "Bankers' Magazine" also set the example recently followed in England. Medicine and Law have their numerous and well supported journals; and Dental Surgery alone has five, one of which has a circulation of 5,000 copies, while all Europe has but two, and those of very inferior character.[1] North, south, east, and west, the periodical press is collecting the opinions of all our people, while centralization is gradually limiting the expression of opinion, in England, to those who live in and near London.

Upon this extensive base of cheap domestic literature rests that portion of the fabric composed of reproduction of foreign books, the quantities of some of which were given in my last. The proportion which these bear to American books has been thus given for the six months ending on the 30th of June last: —

[1] It is a remarkable fact that there should be in this country no less than four Colleges of Dental Surgery, while all Europe presents not even a single one.

Republications	169
Original	522
	691

Of these last, 17 were original translations.

We see, thus, that the proportion of domestic to foreign products is already more than three to one. How the sale of the latter compares with that of the former, will be seen by the following facts in relation to books of almost all sizes, prices, and kinds; some of which have been furnished by the publishers themselves, whilst others are derived from gentlemen connected with the trade whose means of information are such as warrant entire reliance upon their statements.

Of all American authors, those of school-books excepted, there is no one of whose books so many have been circulated as those of Mr. Irving. Prior to the publication of the edition recently issued by Mr. Putnam, the sale had amounted to some hundreds of thousands; and yet of that edition, selling at $1.25 per volume, it has already amounted to 144,000 vols. Of "Uncle Tom," the sale has amounted to 295,000 copies, partly in one, and partly in two volumes, and the total number of volumes amounts probably to about 450,000.

	Price per vol.	*Volumes.*
Of the two works of Miss Warner, Queechy, and the Wide, Wide World, the price and sale have been	$ 88	104,000
Fern Leaves, by Fanny Fern, in six months .	1 25	45,000
Reveries of a Bachelor, and other books, by Ike Marvel	1 25	70,000
Alderbrook, by Fanny Forester, 3 vols. .	50	33,000
Northup's Twelve Years a Slave . . .	1 00	20,000
Novels of Mrs. Hentz, in three years . .	63	93,000
Major Jones' Courtship and Travels . .	50	31,000
Salad for the Solitary, by a new author, in five months	1 25	5,000
Headley's Napoleon and his Marshals, Washington and his Generals, and other works .	1 25	200,000
Stephen's Travels in Egypt and Greece .	87	80,000
" " Yucatan and Central America	2 50	60,000
Kendall's Expedition to Santa Fe . . .	1 25	40,000

	Price per vol.	*Volumes.*
Lynch's Expedition to the Dead Sea, 8vo.	$3 00	15,000
" " " 12mo.	1 25	8,000
Western Scenes	2 50	14,000
Young's Science of Government	1 00	12,000
Seward's Life of John Quincy Adams	1 00	30,000
Frost's Pictorial History of the World, 3 vols.	2 50	60,000
Sparks' American Biography, 25 vols.	75	100,000
Encyclopædia Americana, 14 vols.	2 00	280,000
Griswold's Poets and Prose Writers of America, 3 vols.	3 00	21,000
Barnes' Notes on the Gospels, Epistles, &c., 11 vols.	75	300,000
Aiken's Christian Minstrel, in two years	62	40,000
Alexander on the Psalms, 3 vols.	1 17	10,000
Buist's Flower Garden Directory	1 25	10,000
Cole on Fruit Trees	50	18,000
" Diseases of Domestic Animals.	50	34,000
Downing's Fruits and Fruit Trees	1 50	15,000
" Rural Essays	3 50	3,000
" Landscape Gardening	3 50	9,000
" Cottage Residences	2 00	6,250
" Country Homes	4 00	3,500
Mahan's Civil Engineering	3 00	7,500
Leslie's Cookery and Receipt-books	1 00	96,000
Guyot's Lectures on Earth and Man	1 00	6,000
Wood and Bache's Medical Dispensatory	5 00	60,000
Dunglison's Medical Writings, in all 10 vols.	2 50	50,000
Pancoast's Surgery, 4to.	10 00	4,000
Rayer, Ricord, and Moreau's Surgical Works (translations)	15 00	5,500
Webster's Works, 6 vols.	2 00	46,800
Kent's Commentaries, 4 vols.	3 38	84,000

Next to Chancellor Kent's work comes Greenleaf on Evidence, 3 vols., $16.50; the sale of which has been exceedingly great, but what has been its extent, I cannot say.

Of Blatchford's General Statutes of New York, a local work, price $4.50, the sale has been 3,000; equal to almost 30,000 of a similar work for the United Kingdom.

How great is the sale of Judge Story's books can be judged

only from the fact that the copyright now yields, and for years past has yielded, more than $8,000 per annum. Of the sale of Mr. Prescott's works little is certainly known, but it cannot, I understand, have been less than 160,000 volumes. That of Mr. Bancroft's History, has already risen, certainly to 30,000 copies, and I am told it is considerably more; and yet even that is a sale, for such a work, entirely unprecedented.

Of the works of Hawthorne, Longfellow, Bryant, Willis, Curtis, Sedgwick, Sigourney, and numerous others, the sale is exceedingly great; but, as not even an approximation to the true amount can be offered, I must leave it to you to judge of it by comparison with those of less popular authors above enumerated. In several of these cases, beautifully illustrated editions have been published, of which large numbers have been sold. Of Mr. Longfellow's volume there have been no less than ten editions. These various facts will probably suffice to satisfy you that this country presents a market for books of almost every description, unparalleled in the world.

In reflecting upon this subject, it is necessary to bear in mind that the monopoly, granted to authors and their families, is for the term of no less than forty-two years, and that in that period the number of persons subjected to it is likely to grow to little short of a hundred millions, with a power of consumption that will probably be ten times greater than now exists. If the Commentaries of Chancellor Kent continue to maintain their present position, as they probably will, may we not reasonably suppose that the demand for them will continue as great, or nearly so, as it is at present, and that the total sale during the period of copyright will reach a quarter of a million of volumes? So, too, of the histories of Bancroft and Prescott, and of other books of permanent character.

Such being the extent of the market for the products of literary labor, we may now inquire into its rewards.

Beginning with the common schools, we find a vast number of young men and young women acting as teachers of others, while qualifying themselves for occupying other places in life. Many of them rise gradually to become teachers in high schools and professors in colleges, while all of them have at hand the newspaper, ready to enable them, if gifted with the power of expressing themselves on paper, to come before the world. The numerous newspapers require editors and contributors, and the amount appro-

priated to the payment of this class of the community is a very large one. Next come the magazines, many of which pay very liberally. I have now before me a statement from a single publisher, in which he says that to Messrs. Willis, Longfellow, Bryant, and Alston, his price was uniformly $50 for a poetical article, long or short — and his readers know that they were generally very short; in one case only fourteen lines. To numerous others it was from $25 to $40. In one case he has paid $25 per page for prose. To Mr. Cooper he paid $1,800 for a novel, and $1,000 for a series of naval biographies, the author retaining the copyright for separate publication; and in such cases, if the work be good, its appearance in the magazine acts as the best of advertisements. To Mr. James he paid $1,200 for a novel, leaving him also the copyright. For a single number of the journal he has paid to authors $1,500. The total amount paid for original matter by two magazines — the selling price of which is $3 per annum — in ten years, has exceeded $130,000, giving an average of $13,000 per annum. The Messrs. Harper inform me that the expenditure for literary and artistic labor required for their magazine is $2,000 per month, or $24,000 a year.

Passing upwards, we reach the producers of books, and here we find rewards not, I believe, to be paralleled elsewhere. Mr. Irving stands, I imagine, at the head of living authors for the amount received for his books. The sums paid to the renowned Peter Parley must have been enormously great, but what has been their extent I have no means of ascertaining. Mr. Mitchell, the geographer, has realized a handsome fortune from his school-books. Professor Davies is understood to have received more than $50,000 from the series published by him. The Abbotts, Emerson, and numerous other authors engaged in the preparation of books for young persons and schools, are largely paid. Professor Anthon, we are informed, has received more than $60,000 for his series of classics. The French series of Mr. Bolmar has yielded him upwards of $20,000. The school geography of Mr. Morse is stated to have yielded more than $20,000 to the author. A single medical book, of one 8vo. volume, is understood to have produced its authors $60,000, and a series of medical books has given to its author probably $30,000. Mr. Downing's receipts from his books have been very large. The two works of Miss Warner must have already yielded her from $12,000 to $15,000, and perhaps much

more. Mr. Headley is stated to have received about $40,000; and the few books of Ike Marvel have yielded him about $20,000; a single one, "The Reveries of a Bachelor," produced more than $4,000 in the first six months. Mrs. Stowe has been very largely paid. Miss Leslie's Cookery and Receipt books have paid her $12,000. Dr. Barnes is stated to have received more than $30,000 for the copyright of his religious works. Fanny Fern has probably received not less than $6,000 for the 12mo. volume published but six months since. Mr. Prescott was stated, several years since, to have then received $90,000 from his books, and I have never seen it contradicted. According to the rate of compensation generally understood to be received by Mr. Bancroft, the present sale of each volume of his yields him more than $15,000, and he has the long period of forty-two years for future sale. Judge Story died, as has been stated, in the receipt of more than $8,000 per annum; and the amount has not, as it is understood, diminished. Mr. Webster's works, in three years, can scarcely have paid less than $25,000. Kent's Commentaries are understood to have yielded to their author and his heirs more than $120,000, and if we add to this for the remainder of the period only one half of this sum, we shall obtain $180,000, or $45,000 as the compensation for a single 8vo. volume, a reward for literary labor unexampled in history. What has been the amount received by Professor Greenleaf I cannot learn, but his work stands second only, in the legal line, to that of Chancellor Kent. The price paid for Webster's 8vo. Dictionary is understood to be fifty cents per copy; and if so, with a sale of 250,000, it must already have reached $125,000. If now to this we add the quarto, at only a dollar a copy, we shall have a sum approaching to, and perhaps exceeding, $180,000; more, probably, than has been paid for all the dictionaries of Europe in the same period of time. What have been the prices paid to Messrs. Hawthorne, Longfellow, Bryant, Willis, Curtis, and numerous others, I cannot say; but it is well known that they have been very large. It is not, however, only the few who are liberally paid; all are so who manifest any ability, and here it is that we find the effect of the decentralizing system of this country as compared with the centralizing one of Great Britain. There Mr. Macaulay is largely paid for his Essays, while men of almost equal ability can scarcely obtain the means of support. Dickens is a literary Crœsus, and Tom Hood

dies leaving his family in hopeless poverty. Such is not here the case. Any manifestation of ability is sure to produce claimants for the publication of books. No sooner had the story of "Hot Corn" appeared in "The Tribune," than a dozen booksellers were applicants to the author for a book. The competition is here for the *purchase* of the privilege of printing, and this competition is not confined to the publishers of a single city, as is the case in Britain. Boston, New York, Philadelphia, and even Auburn and Cincinnati, present numerous publishers, all anxious to secure the works of writers of ability, in any department of literature; and were it possible to present a complete list of our well-paid authors, its extent could not fail to surprise you greatly, as the very few facts that have come to my knowledge in reference to some of the lesser stars of the literary world have done by me. You will observe that I have confined myself to the question of demand for books and compensation to their authors, without reference to that of the ability displayed in their preparation. That we may have good books, all that is required is that we make a large market for them, which is done here to an extent elsewhere unknown.

Forty years since, the question was asked by the "Edinburgh Review," Who reads an American book? Judging from the facts here given, may we not reasonably suppose that the time is fast approaching, when the question will be asked, Who does *not* read American books?

Forty years since, had we asked where were the *homes of American authors*, we should generally have been referred to very humble houses in our cities. Those who now inquire for them will find their answer in the beautiful volume lately published by Messrs. Putnam and Co., the precursor of others destined to show the literary men of this country enjoying residences as agreeable as any that had been occupied by such men in any part of the world; and in almost every case, those homes have been due to the profits of the pen. Less than half a century since, the race of literary men was scarcely known in the country, and yet the amount now paid for literary labor is greater than in Great Britain and France combined, and will probably be, in twenty years more, greater than in all the world beside. With the increase of number, there has been a corresponding increase in the consideration in which they are held; and the respect with which even unknown authors are treated, when compared with the disrespect manifested

in England towards such men, will be obvious to all familiar with the management of the journals of that country who read the following in one of our principal periodicals: —

"The editor of Putnam's Monthly will give to every article forwarded for insertion in the Magazine a careful examination, and, when requested to do so, will return the MS. if not accepted."

Here, the competition is among the publishers to *buy* the products of literary labor, whereas, abroad, the competition is to *sell* them, and therefore is the treatment of our authors, even when unknown, so different. Long may it continue to be so!

Such having been the result of half a century, during which we have had to lay the foundation of the system that has furnished so vast a body of readers, what may not be expected in the next half century, during which the population will increase to a hundred millions, with a power to consume the products of literary labor growing many times faster than the growth of numbers? If this country is properly termed "the paradise of women," may it not be as correctly denominated the paradise of authors, and should they not be content to dwell in it as their predecessors have done? Is it wise in them to seek a change? Their best friends would, I think, unite with me in advising that it is not. Should they succeed in obtaining what they now desire, the day will, as I think, come, when they will be satisfied that their real friends had been those who opposed the confirmation of the treaty now before the Senate.

LETTER VI.

We have commenced the erection of a great literary and scientific edifice. The foundation is already broad, deep, and well laid, but it is seen to increase in breadth, depth, and strength, with every step of increase in height; and the work itself is seen to assume, from year to year, more and more the natural form of a true pyramid. To the height that such a building may be carried, no living man will venture to affix a limit. What is the tendency to durability in a work thus constructed, the pyramids of Egypt and the mountains of the Andes and of the Himalaya may attest. That edifice is the product of decentralization.

Elsewhere, centralization is, as has been shown, producing the opposite effect, narrowing the base, and diminishing the elevation.

Having prospered under decentralization, our authors seek to introduce centralization. Failing to accomplish their object by the ordinary course of legislation, they have had recourse to the executive power; and thus the end to be accomplished, and the means used for its accomplishment, are in strict accordance with each other.

We are invited to grant to the authors and booksellers of England, and their agent or agents here, entire control over a highly important source from which our people have been accustomed to derive their supplies of literary food. Before granting to these persons any power here, it might be well to inquire how they have used their power at home. Doing this, we find that, as is usually the case with those enjoying a monopoly, they have almost uniformly preferred to derive their profits from high prices and small sales, and have thus, in a great degree, deprived their countrymen of the power to purchase books; a consequence of which has been that the reading community has, very generally, been driven to dependence upon circulating libraries, to the injury of both the authors and the public. The extent to which this system of high prices in regard to school-books has been carried, and the danger of intrusting such men with power, are well shown in the fact that the same government which has so recently concluded a copyright treaty with our own, has since entered "into the bookselling trade on its own account," competing "with the private dealer, who has to bear copyright charges." The subjects of this "reactionary step" on the part of a government that so much professes to love free trade, are, as we are told, "the famous school-books of the Irish national system."[1] A new office has been created, "paid for with a public salary," for "the issue of books to the retail dealers;" and the centralization of power over this important portion to the trade is, we are told,[2] defended in the columns of the "Times," as "tending to bring down the price of school-books; for booksellers who possess copyrights, now sell their books at exorbitant prices, and, by underselling them, the commissioners will be able to beat them." Judging from this, it would seem almost necessary, if this treaty is to be ratified, that there should be added some provision authorizing our government to appoint commissioners for the regulation of trade, and for "underselling" those persons who "now sell their books at exorbitant prices." If it be ratified, we

[1] *Spectator*, June 4, 1853. [2] *Ibid.*

shall be only entering on the path of centralization; and it may not be amiss that, before ratification, we should endeavor to determine to what point it will probably carry us in the end.

The question is often asked, What difference can it make to the people of this country whether they do, or do not, pay to the English author a few cents in return for the pleasure afforded by the perusal of his book? Not very much, certainly, to the wealthy reader; but as every extra cent is important to the poorer one, and tends to limit his power to purchase, it may be well to calculate how many cents would probably be required; and, that we may do so, I give you here a list[1] of the comparative prices of English and American editions of a few of the books that have been published within the last few years:—

	English.	*Amer.*
Brande's Encyclopædia	$15 00	$4 00
Ure's Dictionary of Manufactures	15 00	5 00
Alison's Europe, cheapest edition	25 00	5 00
D'Aubigné's Reformation	11 50	2 25
Bulwer's "My Novel"	10 50	75
Lord Mahon's England	13 00	4 00
Macaulay's England, per vol.	4 50	40
Campbell's Chief Justices	7 50	3 50
" Lord Chancellors	25 50	12 00
Queens of England, 8 vols.	24 00	10 00
Queens of Scotland,	15 00	6 00
Hallam's Middle Ages	7 50	1 75
Arnold's Rome	12 00	3 00
Life of John Foster	6 00	1 25
Layard's Nineveh, complete edition	9 00	1 75
Mrs. Somerville's Physical Sciences	2 50	50
Whewell's Elements of Morality	7 50	1 00
Napier's Peninsular War	12 00	3 25
Thirlwall's Greece, cheapest edition	7 00	3 00
Dick's Practical Astronomer	2 50	50
Jane Eyre	7 50	25

The difference, as we see, between the selling price in London and in New York, of the first book in this list, is no less than eleven dollars, or almost three times as much as the whole price of the American edition. To what is this extraordinary difference to be attributed? To any excess in the cost of paper or printing in London? Certainly not; for paper and printers' labor are both cheaper there than here. Is it, then, to the necessity for compensating the author? Certainly not; for there are in this country fifty persons as fully competent as Mr. Brande for the preparation

[1] Copied from an article in the New York *Daily Times*.

of such a work, who would willingly do it for a dollar a copy, calculating upon being paid out of a large sale. As the sale of books in England is not large, it might be necessary to allow him two dollars each; but even this would still leave nine dollars to be accounted for. Where does all this go? Part of it to the Chancellor of the Exchequer, part to the "Times," and other newspapers and journals that charge monopoly prices for the privilege of advertising, and the balance to the booksellers who "possess copyrights," and "sell their books at such exorbitant prices" that they have driven the government to turn bookseller, with a view to bring down prices; and these are the very men to whom it is now proposed to grant unlimited control over the sale of all books produced abroad.

It will, perhaps, be said that the treaty contains a proviso that the author shall sell his copyright to an American publisher, or shall himself cause his book to be republished here. Such a proviso may be there, but whether it is so, or not, no one knows, for every thing connected with this effort to extend the Executive power is kept as profoundly secret as were the arrangements for the Napoleonic *coup d'état* of the 2d of December. Secrecy and prompt and decisive action are the characteristics of centralized governments — publicity and slow action those of decentralized ones. Admit, however, that such limitations be found in the treaty, by what right are they there? The basis of such a treaty is the absolute right of the author to his book; and if that be admitted, with what show of consistency or of justice can we undertake to dictate to him whether he shall sell or retain it — print it here or abroad? With none, as I think.

Admit, however, that he does print it, does the treaty require that the market shall *always* be supplied? Perhaps it does, but most probably it does not. If it does, does it also provide for the appointment of commissioners to see that the provision is always complied with? If it does not, nothing would seem to be easier than to send out the plates of a large book, print off a small edition, and by thus complying with *the letter* of the law, establishing the copyright for the long term of forty-two years, the moment after which the plates could be returned to the place whence they came, and from that place the consumers could be supplied on condition of paying largely to the Chancellor of the Exchequer, to the "Times," to the profits of Mr. Dickens' advertising sheet, to the author, to the London bookseller, to his agent in America, and

the retail dealer here. In cases like this, and they would be numerous, the "few cents" would probably rise to be many dollars; and no way can, I think, be devised to prevent their occurrence, except to take one more step forward in centralization by the appointment of commissioners in various parts of the Union, to see that the market is properly supplied, and that the books offered for sale have been actually printed on this side of the Atlantic.

If the treaty does provide for publication here, it probably allows some time therefor, say one, two, or three months. It is, however, well-known that of very many books the first few weeks' sales constitute so important a part of the whole that were the publisher here deprived of them, the book would never be republished. No one could venture to print until the time had elapsed, and by that time the English publisher would so well have occupied the ground with the foreign edition that publication here would be effectually stopped. Even under the present *ad valorem* system of duties this is being done to a great extent. One, two, or three hundred copies of large works are cheaply furnished, and the market is thus just so far occupied as to forbid the printing of an edition of one or more thousands — to the material injury of paper-makers, printers, and book-binders, and without any corresponding benefit to the foreign author. Under the proposed system this would be done to a great extent.

Admit, however, that the spirit of the law be fully complied with, and let us see its effects. Mr. Dickens sells his book in England for 21*s.* ($5.00); and he will, of course, desire to have for it here as large a price as it will bear. Looking at our prices for those books which are copyright and of which the sale is large, he finds that "Bleak House" contains four times as much as the "Reveries of a Bachelor," which sells for $1.25, and he will be most naturally led to suppose that $3 is a reasonable price. The number of copies of his book that has been supplied to American readers, through newspapers and magazines, is certainly not less than 250,000, and the average cost has not been more than fifty cents, giving for the whole the sum of . . . $125,000

To supply the same number at his price would cost . 750,000

Difference $625,000

Of Mr. Bulwer's last work, the number that has been supplied to American consumers is probably but

about two thirds as great, and the difference might not amount to more than $350,000

Mr. Macaulay would not be willing to sell his book more cheaply than that of Mr. Bancroft's is sold, or $2 per volume, and he might ask $2.50. Taking it at the former price, the 125,000 copies that have been sold would cost the consumer . . . $500,000

They have been supplied for . . . 100,000

The difference would be $400,000

Mr. Alison's work would make twelve such volumes as those of Mr. Bancroft, and his price would not be less than $25. The sale has amounted, as I understand, to 25,000 copies, which would give as the cost of the whole $625,000

The price at which they have been sold is $5, giving 125,000

Difference $500,000

Of "Jane Eyre" there have been sold 80,000, and if the price had been similar to that of "Fanny Fern," they would have cost the consumers . $100,000

They have cost about 25,000

Difference $75,000

Total result of a "few cents" on five books . . $1,950,000

Under the system of international copyright, one of two things must be done — either the people *must* be taxed in the whole of this amount for the benefit of the various persons, abroad and at home, who are now to be invested with the monopoly power, or they *must* largely diminish their purchases of literary food.

The quantity of books above given cannot be regarded as more than one twentieth of the total quantity of new ones annually printed. Admit, however, that the total were but ten times greater, and that the differences were but one fourth as great, it would be required that this sum of $1,950,000 should be multiplied two and a half times, and that would give about five millions of dollars; which, added to the sum already obtained, would make seven millions *per annum;* and yet we have arrived only at the

commencement of the operation. All these books would require to be reprinted in the next year, and the next, and so on, and for the long period of forty-two years the payment on old books would require to be added to those on new ones, until the sum would become a very startling one. To enable us to ascertain what it must become, let us see what it would now be had this system existed in the past. Every one of Scott's novels would still be copyright, and such would be the case with Byron's poems, and with all other books that have been printed in the last forty-two years, of which the annual sale now amounts to many millions of volumes. To the present price of these let us add the charge of the author, and the monopoly charges of the English and American publishers, and it will be found quite easy to obtain a further sum of five millions, which, added to that already obtained, would make twelve millions *per annum*, or enough to give to one in every four thousand males in the United Kingdom, between the ages of twenty and sixty, a salary far exceeding that of our Secretaries of State. Let this treaty be confirmed, and let the consumption of foreign works continue at its present rate, and payment of this sum *must* be made. We can escape its payment only on condition of foregoing consumption of the books.

The real cause of difficulty is not to be found in "the few cents" required for the author, but in the means required to be adopted for their collection. Everybody that reads "Bleak House," or "Oliver Twist," would gladly pay their author some cents, however unwilling he might be to pay dollars, or pounds. So, too, everybody who uses chloroform would willingly pay something to its discoverer; and every one who believes in and profits by homœopathic medicines would be pleased to contribute "a few cents" for the benefit of Hahnemann, his widow, or his children. A single cent paid by all who travel on steam vessels would make the family of Fulton one of the richest in the world; but how collect these "few cents"? Grant me a monopoly, says the author, and I will appoint an agent, who shall supply other agents with my books, and I will settle with him. Grant us a monopoly, say the representatives of Hahnemann, and we will grant licenses, throughout the Union, to numerous men who shall be authorized to practice homœopathically and collect our taxes. Were this experiment tried, it would be found that millions would be collected, out of which they would receive tens of thousands. Grant us a mo-

nopoly, might say the representatives of Fulton, and we will permit no vessels to be built without license from us, and our agents will collect "a few cents" from each passenger, by which we shall be enriched. So they might be; but for every cent that reached them the community would be taxed dollars in loss of time and comfort, and in extra charges. It is the monopoly privilege, and not the "few cents," that makes the difficulty.

We are, however, advised by the advocates of this treaty that English authors must be "required" to present their books in American "mode and dress," and that regard to their own interests will cause them to be presented "at MODERATE PRICES for general consumption." If, however, they have acted differently at home, why should they pursue this course here? That they have so acted, we have proof in the fact that the British government has just been forced to turn bookseller, with a view to restrain the owners of copyrights in the exercise of power. Who, again, is to determine what prices are really "moderate" ones? The authors? Will Mr. Macaulay consent that his books shall be sold for less than those of Mr. Bancroft or Mr. Prescott? Assuredly not. The bookseller, then? Will he not use his power in reference to foreign books precisely as he does now in regard to domestic ones? If he deems it now expedient to sell a 12mo volume for a dollar or a dollar and a quarter, is it probable that the ratification of this treaty will open his eyes to the fact that it would be better for him to sell Mr. Dickens's works at fifty cents than at three dollars? Scarcely so, as I think. It is now about thirty years since the "Sketch Book" was printed, and the cheapest edition that has yet been published sells for one dollar and twenty-five cents. "Jane Eyre" contains probably about the same quantity of matter, and sells for twenty-five cents. Of the latter, about 80,000 have been printed, costing the consumers $20,000; but if they were to purchase the same quantity of the former, they would pay for them $100,000; difference, $80,000. What, now, would become of this large sum? But little of it would reach the author; not more, probably, than $10,000. Of the remaining $70,000, some would go to printers, paper-makers, and bookbinders, and the balance would be distributed among the publisher, the trade-sale auctioneers, and the wholesale and retail dealers; the result being that the public would pay five dollars where the author received one, or perhaps the half of one. We

have here the real cause of difficulty. The monopoly of copyright can be preserved only by connecting it with the monopoly of publication. Were it possible to say that whoever chose to publish the "Sketch Book" might do so, on paying to its author "a few cents," the difficulty of this *double monopoly* would be removed; but no author would consent to this, for he could have no certainty that his book might not be printed by unprincipled men, who would issue ten thousand while accounting to him for only a single thousand. To enable him to collect his dues, he *must* have a monopoly of publication.

It may be said that if he appropriate to his use any of the common property of which books are made up, and so misuse his privilege as to impose upon his readers the payment of too heavy a tax, other persons may use the same facts and ideas, and enter into competition with him. In no other case, however, than in those of the owners of patents and copyrights, where the public recognizes the existence of exclusive claim to any portion of the common property, does it permit the party to fix the price at which it may be sold. The right of eminent domain is common property. In virtue of it, the community takes possession of private property for public purposes, and frequently for the making of roads. Not unfrequently it delegates to private companies this power, but it always fixes the rate of charge to be made to persons who use the road. This is done even when general laws are passed authorizing all who please, on compliance with certain forms, to make roads to suit themselves. In such cases, limitation would seem to be unnecessary, as new roads could be made if the tolls on old ones were too high; and yet it is so well understood that the making of roads does carry with it monopoly power, that the rates of charge are always limited, and so limited as not to permit the road-makers to obtain a profit disproportioned to the amount of their investments. In the case of authors there can be no such limitation. They must have monopoly powers, and the law therefore very wisely limits the time within which they may be exercised, as in the other case it limits the price that may be charged. In France, the prices to be paid to dramatic authors are fixed by law, and all who pay may play; and if this could be done in regard to all literary productions, permitting all who paid to print, much of the difficulty relative to copyright would be removed; but this course of operation would be in direct oppo-

sition to the views of publishers who advocate this treaty on the ground that it would add to "the security and respectability of the trade." They would *prefer* to pay for the copyright of every foreign book, because it would bring with it monopoly prices and monopoly profits, both of which would need to be paid by the consumers of books. To the paper-maker, printer, and book-binder, called upon to supply one thousand of a book for *the few*, where before they had supplied ten thousand for *the many*, it would be small consolation to know that they were thereby building up the fortunes of two or three large publishing houses that had obtained a monopoly of the business of republication, and were thus adding to the "security and respectability of the trade." As little would probably be derived from this source by the father of a family who found that he had now to pay five dollars for what before had cost but one, and must therefore endeavor to borrow, where before he had been accustomed to buy, the books required for the amusement and instruction of his children.

Our State of New Jersey levies a transit duty of eight cents per ton on all the merchandise that crosses it. Had the imposition of this tax been accompanied by a law permitting all who chose to make roads, no one would have complained of it, as it would have been little more than a fair tax on the property of the railroad and other companies. Unfortunately, however, the course was different. To the company that collected it was granted a monopoly of the power of transportation, and that power has been so used that while the State received but eight cents the transporters charged three, five, six, and eight dollars for work that should have been done for one. The position in which the authors are necessarily placed is precisely the one in which our State has voluntarily placed itself. To enable them to collect their dues, some person or persons must have a monopoly of publication, and they must and will collect five, ten, and often twenty dollars for every one that reaches the author. The Union would gain largely by paying into our treasury thrice the sum we receive for transit duty, on the simple condition that we abolished the monopoly of transportation; and it would gain far more largely by doing the same with foreign authors. If justice does really call upon us to pay them, our true course would be to do it directly from the Treasury, placing, if necessary, a million of dollars annually at the disposal of the British government, upon the simple condition that

it releases us from all claim to the monopoly of publication. Such a release would be cheap, even at two millions; enough to give $1,000 a year to five hundred persons, and that number would certainly include all who can even fancy us under any obligation to them. My own impression is, that no such payment is required by justice, either as regards our own authors or foreign ones. Of the former, all can be and are well paid, *who can produce books that the public are willing to read*, and no law that could be made would secure payment to those who cannot. Their monopoly extends over a smaller number of persons than does the English one; and if the more than thirty millions of people who are subject to the latter cannot support their few writers, the cause of difficulty is to be found at home, and there must the remedy be applied. Nevertheless, by adopting the course suggested, we should certainly free ourselves from any necessity for choosing between the payment of many millions annually to authors and the men who stand between them and the public, on the one hand, and of dispensing largely with the purchase of books, on the other. If the nation must pay, the fewer persons through whose hands the money passes the smaller will be the cost to it, and the greater the gain to authors.

The ratification of the treaty would impose upon us a very large amount of taxation that must inevitably be paid either in money or in abstinence from intellectual nourishment; and our authors should be able to satisfy themselves that the advantage to them would bear some proportion to the loss inflicted upon others. Would it do so? I think not. On the contrary, they would find their condition greatly impaired. All publishers prefer copyright books, because, having a monopoly, they can charge monopoly profits. To obtain a copyright, they constantly pay considerable sums at home for editorship of foreign books; but from the moment that this treaty shall take effect, the necessity for doing this will cease, and thus will our literary men be deprived of one considerable source of profit. Again, literary labor in England is cheap, because of want of demand; but international copyright, by opening to it our vast market, will quicken the demand, and many more books will be produced, the authors of all of which will be competitors with our own, who will then possess no advantages over them. The rates of American authors will then fall precisely as those of the British ones will rise; and this result will

be produced as certainly as the water in the upper chamber of a canal lock will fall as that in the lower one is made to rise. On one side of the Atlantic literary labor is well paid, and on the other it is badly paid. International copyright will establish a level; and how much reason our authors have to desire that it shall be established, I leave it for them to determine.

The direct tendency of the system now proposed will be found to be that of diminishing the domestic competition for the production of books, and increasing our dependence on foreigners for the means of amusement and instruction; and yet the confirmation of the treaty is urged on the ground that it will increase the first and diminish the last. If it would have this latter effect, it is singular that the authors of England should be so anxious for the measure as they are. It is not usual for men to seek to diminish the dependence of others on themselves.

These, however, are, as I think, but a small part of the inconveniences to which our authors are now proposing to subject themselves. They have at present a long period allowed them, during which they have an absolute monopoly of the particular forms of words they offer to the reading public; and this monopoly has, in a very few years, become so productive, that authorship offers perhaps larger profits than any other pursuit requiring the same amount of skill and capital. Twenty years hence, when the market shall be greatly increased, it may, and as I think will, become a question whether the monopoly has not been granted for too long a period, and many persons may then be found disposed to unite with Mr. Macaulay in the belief that the disadvantages of long periods preponderate so greatly over their advantages, as to make it proper to retrace in part our steps, limiting the monopoly to twenty-one years, or one half the present period. The inquiry may then come to be made, what is the present value of a monopoly of forty-two years, as compared with what would be paid for one of twenty-one years; and when it is found that, in nine hundred and ninety-nine cases out of a thousand, one will sell for exactly as much as the other, it will perhaps be decided that no reason exists for maintaining the present law, even if no change be now made. Suppose, however, the treaty to be confirmed, establishing the monopoly of foreigners in our market, and that the people who have been accustomed to consume largely of cheap literature now find themselves deprived of it, would not this

tend to hasten the period at which the existing law would come under consideration? I cannot but think it would. The common school makes a great demand for school-books, and both make a great demand for newspapers. All of these combine to make a demand for cheap books among an immense and influential portion of our community, that cannot yet afford to pay $1.25 for "Fern Leaves" or for the "Reveries of a Bachelor," although they can well afford 25 cents for a number of "Harper's Magazine," or for "Jane Eyre." Let us now suppose that the novels of Dickens and Bulwer, the books of Miss Aguilar, and those of other authors with which they have been accustomed to supply themselves, should at once be raised to monopoly prices and thus placed beyond their reach, would it not produce inquiry into the cause, and would not the answer be that we had given English authors a monopoly in our market to enable our own to secure a monopoly in that of England? Would not the sufferers next inquire by what process this had been accomplished, seeing that the direct representatives of the people had always been so firmly opposed to it; and would not the answer be that the literary men of the two countries had formed a combination for the purpose of taxing the people of both; and that when they had failed to accomplish their object by means of legislation, they had induced the Executive to interpose and make a law in their favor, in defiance of the well-known will of the House of Representatives? Under such circumstances, would it be extraordinary if we should, within three years from the ratification of the treaty, see the commencement of an agitation for a change in the copyright system? It seems to me that it would not.

The time for the arrival of this agitation would probably be hastened by an extension of the system of centralization that would next be claimed; for the present measure can be regarded as little more than the entering wedge for others. France and England profit enormously by setting the fashions for the world. New patterns and new articles are invented that sell in the first season for treble or quadruple the price at which they are gladly supplied in the second; and it is by aid of the perpetual changes of fashion that foreigners so much control our markets. Recently, our manufacturers have been enabled to reproduce many new articles in very short time, and this has tended greatly to reduce the profits of foreigners, who are of course dissatisfied. Copyrights

are now granted in both those countries for new patterns, new forms of clothing, &c. &c., and our next step will be towards the arrangement of a treaty for securing to the inventor of a print, or a new fashion of paletot, the monopoly of its production in our markets; and when the claim for this shall be made, it will be found to stand on precisely the same ground with that now made in behalf of the producers of books, and must be granted. The Frenchman will then have the exclusive right of supplying us with new *mousselines de laine*, and the Englishman with new carpets and new forms of earthenware; and we shall be told that that is the true mode of developing manufacturing and artistic skill among ourselves. How much farther the system may be carried it is difficult to tell, for, when we shall once have established the system of regulating foreign and domestic trade by treaty, the House of Representatives will scarcely be troubled with much discussion of such affairs. Extremes generally meet, and it will be extraordinary, if progress in that direction shall not be followed by progress in the other, until our authors shall, at length, become perfectly satisfied of the accuracy of Mr. Macaulay, when he told the British authors, then claiming an extension of their monopoly to sixty years, that "the wholesome copyright" already existing would "share in the disgrace and danger of the new copyright" they desired to create.[1] They could scarcely do better than study his speech at length. At present, they are ill-advised, and their best friends will be those senators who, like Mr. Macaulay, shall oppose their literary countrymen.

Admitting, however, that the measure proposed should not in any manner endanger existing privileges, what would be the gain to our authors in obtaining the control of the British market, compared with what they would lose from surrendering the control of our own? In the former, the sale of books is certainly not large. Few have been more popular than Tupper's "Proverbial Philosophy," and the price has been, as I learn, only 7*s*., or $1,68. Nevertheless, a gentleman fully informed in regard to it assures me that in fifteen years the average sale has been but a thousand a year, or 15,000 in all.[2] Compare this with the sale of a larger number

[1] *Macaulay's Speeches*, vol. i. p. 403.

[2] The sale here has been 200,000, at an average price of 50 cents. Had it been copyright, the price would have been double, and the "few cents" would have made a difference on this single book of $100,000. The same gentleman to whom I

of the "Reveries of a Bachelor," or of thrice the quantity of "Fern Leaves," at but little lower prices, in the short period of six months, and it will be seen how inferior is the foreign market to the domestic one. Were it otherwise — were the market of Britain equal to our own — could it be that we should so rarely hear of her literary men, dependent on their own exertions, but as being poor and anxious for public employment? Were it otherwise, should we need now to be told of the "utter destitution" of the widow and children of Hogg, so widely known as author of "The Queen's Wake," and as "The Shepherd" of "Blackwood's Magazine?" Assuredly not. Had literary ability been there in the demand in which it now is here, he would have written thrice as much, would have been thrice as well paid, and would have provided abundantly for his widow and his children. Nevertheless, our authors desire to trade off this great market for the small one in which he shone and left his family to starve, and thus to make an exchange similar to that of Glaucus when he gave a suit of golden armor for one of brass.

What, however, are the prospects for the future? Will the British market grow? It would seem not, for death and emigration are diminishing the population, and the people who remain are in a state of constant warfare with their employers, who promised "cheap food" that they might obtain "cheap labor," and now offer low wages in connection with high-priced corn and beef. The people who receive such wages cannot buy books. Hundreds of thousands of persons are now out "on strike," or are "locked out" by the gentlemen who advocate this "cheap labor" system; and the result of all this extraordinary cessation from labor can be none other than the continued growth of poverty, intemperance, and crime. The picture that is presented by that country is one of unceasing discord between *the few* and *the many*, in which the former always triumph; and a careful examination of it cannot result in leading us to expect an increase in the desire to purchase books, or in the ability to pay for them.

Having looked upon that picture, let our authors next look to

am indebted for the above facts informs me that he has paid to the author of a 12mo volume of 200 pages more than $23,000, and could not now purchase the copyright for $10,000; that for another small 12mo volume he has paid $7,000, and expects to pay as much more; that to a third author his payments for the year have been $2500, and are likely to continue at that rate for years to come; and that it would be easy to furnish other and numerous cases of similar kind.

the one now presented by this country, as compared with that which could have been offered forty, thirty, or even twenty years since, and to obtain aid in understanding the facts presented to their view, let them read the following extract from a speech recently delivered by Mr. Cobden : —

"You cannot point to an instance in America, where the people are more educated than they are here, of total cessation from labor by a whole community or town, given over, as it were, to desolation. When I came through Manchester the other day, I found many of the most influential of the manufacturing capitalists talking very carefully upon a report which had reached them from a gentleman who was selected by the government to go out to America, to report upon the great exhibition in New York. That gentleman was one of the most eminent mechanicians and machine-makers in Manchester, a man known in the scientific world, and appreciated by men of science, from the astronomer royal downwards. He has been over to America, to report upon the progress of manufactures and the state of the mechanical arts in the United States, and he has returned. No report from him to the government has yet been published. But it has oozed out in Manchester that he found in America a degree of intelligence amongst the manufacturing operatives, a state of things in the mechanical arts, which has convinced him that if we are to hold our own, if we are not to fall back in the rear of the race of nations we must educate our people to put them upon a level with the more educated artisans of the United States. We shall all have the opportunity of judging when that report is delivered; but sufficient has already oozed out to excite a great interest, and I might almost say some alarm."

Having done this, let them next ask themselves what have been the causes of the vast change in the relative positions of the two countries. Doing this, will not the answer be, common schools, cheap school-books, cheap newspapers, and cheap literature? Has not each and every one of these aided in making authors, and in creating a market for their products? Having thus laid the foundation of a great edifice, are we likely to stop in the erection of the walls? Having in so brief a period created a great market for literature, is it not certain that it must continue to grow with increased rapidity? Assuredly it is; and yet it is that vast market that our authors desire to barter for one in which Hood was permitted almost to starve, in which Leigh Hunt, Lady Morgan, Miss Mitford, Tennyson, and Sir Francis Head even now submit to the degradation of receiving the public charity to the extent of a hundred pounds a year! The law as it now exists, invites foreign authors to come and live among us, and participate in our advantages. The treaty offers to tax ourselves for the purpose of offering them a bounty upon staying at home and increasing their numbers and their competition with the well-paid literary labor of this country. Were Belgrave Square to make a

treaty with Grub Street, providing that each should have a plate at the tables of the other, the population of the latter would probably grow as rapidly as the dinners of the former would decline in quality, and it might be well for our authors to reflect if such might not be the result of the treaty now proposed.

Its confirmation is, as I understand, urged on some senators on the ground that consistency requires it. Being in favor of protection elsewhere, they are told that it would be inconsistent to refuse it here. In reply to this, it might fairly be retorted that nearly all the supporters of international copyright are advocates of the system called, in England, Free Trade; and that it is quite inconsistent in them to advocate protection here. To do this would however be as unnecessary as it would be unphilosophical. Both are perfectly consistent. Protection to the farmer and planter in their efforts to draw the artisan to their side, looks to carrying out the doctrine of decentralization by the annihilation of the monopoly of manufactures established in Britain; and our present copyright system looks to the decentralization of literature by offering to all who shall come and live among us the same perfect protection that we give to our own authors. What is called free trade looks to the maintenance of the foreign monopoly for supplying us with cloth and iron; and international copyright looks to continuing the monopoly which Britain has so long enjoyed of furnishing us with books; and both tend towards centralization.

The rapid advance that has been made in literature and science is the result of the *perfect protection* afforded by decentralization. Every neighborhood collects taxes to be expended for purposes of education, and it is from among those who would not otherwise be educated, and who are thus *protected* in their efforts to obtain instruction, that we derive many of our most thoughtful and intelligent men, and our best authors. The advocates of free trade and international copyright are, to a great extent, disciples in that school in which it is taught that it is an unjust interference with the rights of property to compel the wealthy to contribute to education of the poor. Common schools, and a belief in the duty of protection, are generally found together. Decentralization, by the production of local interests, *protects* the poor printer in his efforts to establish a country newspaper, and thus affords to young writers of the neighborhood the means of coming before the world. Decentralization next raises money for the establish-

ment of colleges in every part of the Union, and thus *protects* the poor but ambitious student in his efforts to obtain higher instruction than can be afforded by the common school. Decentralization next *protects* him in the manufacture of school-books, by creating a large market for the productions of his pen, very much of which is paid for out of the product of taxes the justice of which is denied by those who advocate the British policy. Rising to the dignity of author of books for the perusal of already instructed men and women he finds himself *protected* by an absolute monopoly, having for its object to enable him to provide for himself, his wife, and his children. Of all the people of the Union, none enjoy such perfect protection as those connected with literature; yet many of them oppose protection to all others, while actively engaged in enlarging and extending the monopoly they themselves enjoy. It will scarcely answer for them to charge inconsistency on others.

How far the protection already granted has favored the development of literary tendencies, may be judged after looking to the single case of dramatic writers, who are not protected against representation without their consent; and, as that is *their* mode of publication, it follows that they do not enjoy the advantages granted to other authors. The consequence is, that we make so little progress in that department of literature, while advancing rapidly in every other. Permit me, my dear sir, to suggest that this is a matter worthy of your attention. There would seem to be no good reason for refusing to one class of authors what we grant so freely to all others.

Whether or not I shall have convinced you that international copyright should not be established, I cannot say, but I feel quite safe in believing that you must be convinced it is a question which requires to be publicly and fully discussed before we adopt any action looking in that direction. It is not a case of urgency. If the treaty be not confirmed, the only inconvenience to the authors will be delay, and this should be afforded, were it only to enable them to reflect at leisure upon the probable consequences of the measure in aid of which they have invoked the Executive power. Should they continue to believe their interests likely to be promoted by the adoption of such a measure as that which has been so pertinaciously urged the doors of Congress will always be open to them, and justice, though it may be delayed, will assuredly be

done. Let them proceed in a constitutional way, and then, should their desires be gratified, they will have the satisfaction of knowing that their rights have been admitted after full and fair discussion before the people. Should they now succeed in obtaining, in secret session, the confirmation of a treaty negotiated in private, and in haste, they will, I think, "repent at leisure;" but repentance may, and probably will, come too late. The mischief will then have been done.

Having now, my dear sir, to the best of my ability, complied with your request, I remain,

Yours, very respectfully,

HENRY C. CAREY.

HON. JAMES COOPER. *Burlington*, Nov. 28, 1853.

NOTE.

DECEMBER 31, 1867.

Mr. Dickens's tale of "No Thoroughfare" is now being reprinted here in daily and weekly journals, and to such extent as to warrant the belief that the number in the hands of readers of the Union, will speedily exceed a million; obtained, too, at a cost so small as scarcely to admit of calculation. Under a system of International Copyright a similar number would, at the least, have cost $500,000. At 50 cents, however, the sale would not have exceeded 50,000, yielding to author and publisher probably $10,000. Would it be now expedient that, to enable these latter to divide among themselves this small amount, the former should tax themselves in one so greatly larger? Would it be right or proper that they should so do in the hope that American novelists and poets should in like manner be enabled to tax the British people? Outside of the class of gentlemen who live by the use of their pens, there are few who, having examined the question, would, it is believed, be disposed to give to these questions an affirmative reply.

Of all living authors there is none that, in his various capacities of author, editor, and lecturer, is, in both money and fame, so largely paid as Mr. Dickens. That he and others are not doubly so is due to the fact that British policy, from before the days of Adam Smith, has tended uniformly to the division of society, at home and abroad, into two great classes, the very poor becoming daily more widely separatep from the very rich, and daily more and more unfitted for giving support to British authors. That the reader may understand this fully, let him turn to recent British journals and study the accounts there given of "an agricultural gang system," whose horrors, as they tell their readers, "make the British West Indies almost an Arcadia" when compared with many of the home districts. Next, let him study in the "Spectator," now but a fortnight old, the condition of the 630,000 wretched people inhabiting Eastern London; and especially that of the 70,000 mainly dependent on ship and engine building, "too poor to go afield for employment, too poor to emigrate, too poor to do any thing but die," and wholly dependent on a *weekly* allowance *per house*, of from twenty to forty cents and a loaf of bread; that allowance, wretched as it is, to be obtained only at the cost of "standing hours among crowds

made brutal by misery and privation." Further, let him read in the same journal its description of the almost universal dishonesty which has resulted from a total repudiation of the idea that international morality could exist; and then determine for himself if, under a different system, Britain might not have made at home a market for her authors that would far more than have compensated for deprivation of that one they now so anxiously covet abroad.

Seeking further evidence in reference to this important question, let him then turn to the "North British Review" for the current month and study the social sores of Britain.

For more than a century she has been sowing the wind, carrying, and in the direct ratio of their connection with her, poverty and slavery into important countries of the earth. She is now only reaping the whirlwind. When her literary men shall have begun to teach her people this — when they shall have said to them that public immorality and private morality cannot co-exist — when they shall have commenced to repudiate the idea that the end sanctifies the means — then, *but not till then*, the time may, perhaps, have come for lecturing the world on the moral side of the question of International Copyright. To this moment, so far as the writer's memory serves him, no one of them has yet entered on the performance of this important work.

MONEY:

A LECTURE

DELIVERED BEFORE THE NEW YORK

Geographical and Statistical Society,

THURSDAY, FEBRUARY, 1857.

BY HENRY C. CAREY.

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MONEY.

1. The single commodity that is of universal request is money. Go where we may, we meet persons seeking commodities required for the satisfaction of their wants, yet widely differing in their demands. One needs food; a second, clothing; a third, books, newspapers, horses, or ships. Many desire food, yet while one would have fish, another rejects the fish and seeks for meat. Offer clothing to him who sought for ships, and he would prove to have been supplied. Place before the seeker after silks, the finest lot of cattle, and he will not purchase. The woman of fashion rejects the pantaloons; while the porter regards her slipper as wholly worthless. Of all these people, nevertheless, there would not be found even a single one unwilling to give labor, attention, skill, houses, bonds, lands, horses, or whatever else might be within his reach, in exchange for money—provided, only, that the quantity offered were deemed sufficient.

So has it been in every age, and so is it everywhere. Laplander and Patagonian, almost the antipodes of each other, are alike in their thirst after the precious metals. Midianite merchants paid for Joseph with so many pieces of silver. The gold of Macedon bought the services of Demosthenes; and it was thirty pieces or silver that paid for the treason of Judas. African gold enabled Hannibal to cross the Alps; as that of Spanish America has enabled France to subjugate so large a portion of Northern Africa. Sovereigns in the East heap up gold as provision against future accidents; and finance ministers in the West, rejoice when their accounts enable them to exhibit a full supply of the precious metals. When it is otherwise the highest dignitaries are seen paying obsequious court to the Rothschild and the Baring, controllers of the supply of money. So, too, when railroads are to be made, or steamers to be built. Farmers and contractors, landowners, and stockholders, then go, cap in hand, to the Crœsuses of Paris and London, anxious to obtain a hearing, and desiring to propitiate the man of power by making whatsoever sacrifice may seem to be required.

2. Were a hundred ships to arrive in your port to-morrow, a single one of which was freighted with gold, she alone would find a place in the editorial columns of your journals—leaving wholly out of view the remaining ninety-nine, freighted with silks and teas, cloth and sugar. The news, too, would find a similar place in almost all the journals of the

Union, and for the reason, that all their readers, the "bears" excepted, so much rejoice when money comes in, and so much regret when it goes out. Of all the materials of which the earth is composed, there are none so universally acceptable as gold and silver—none in whose movements so large a portion of every community feels an interest.

Why is this the case? Because of their having distinctive qualities that bring them into direct connection with the distinctive qualities of man—facilitating the growth of association, and promoting the development of individuality. They are the *indispensable* instruments of society, or commerce.

That they *are* so, would seem to be admitted by those journalists when giving to their movements so much publicity; and yet, on turning to another column, you would probably find it there asserted, that all this anxiety in regard to money was evidence of ignorance—the condition of man being improved by parting with gold that he can neither eat, drink, nor wear, in exchange for sugar that he *can* eat, and cloth that he *can* wear. Such may be the case, says one reader, but, for my part, I prefer to see money come in, because when it does so, I can borrow at six per cent.; whereas, when it is going out, I have to pay ten, twelve, or twenty. This is doubtless true, says another, but I prefer to see money arrive—being then able to sell my hats and shoes, and to pay the people who make them. It may be evidence of ignorance, says a third, but I always rejoice when money flows inwards, for then I can always sell my labor; whereas, when it flows outwards, I am unemployed, and my wife and children suffer for want of food and clothing. Men's natural instincts look, thus, in one direction, while mock science points in another. The first *should* be right, because they are given of God. The last *may* be wrong—being one among the weak inventions of man. Which is right, we may now inquire.

3. The power of man over matter is limited to effecting changes of place and of form. For the one he needs wagons, horses, ships, and railroads; for the other, spades, plows, mills, furnaces, and steam-engines. Among men, changes of ownership are to be effected, and for that purpose they need some general medium of circulation.

The machinery of exchange in use is, therefore of three kinds—that required for producing changes of place, that applied to effecting changes of form, and that used for effecting changes of ownership; and were we now to examine the course of proceeding with regard to them, we should find it to be the same in all—thus obtaining proof of the universality of the natural laws to whose government man is subject. For the present, however, we must limit ourselves to an examination of the phenomena of the machinery of circulation.

In the early periods of society, man has little to exchange, and there are few exchanges—those which are made being by direct barter—skins being given for knives, clothing, meat, or fish. With the progress of population and wealth, however, all communities have endeavored to facilitate the transfer of property, by the adoption of some common standard with which to compare the value of the commodities to be exchanged—cattle having thus been used among the early Greeks—while slaves and cattle, or "living money," as it was then denominated, were commonly in use

among the Anglo-Saxons — wampum among our aborigines — codfish among the people of New England—and tobacco among those of Virginia. With further progress, we find them adopting successively iron, copper, and bronze, preparatory to obtaining silver and gold, to be used as the machinery for effecting exchanges from hand to hand.

For such a purpose, the recommendations of those metals are very great. Being scantily diffused throughout the earth, and requiring, therefore, much labor for their collection, they represent a large amount of value—while being themselves of little bulk, and therefore capable of being readily and securely stored, or transported from place to place. Not being liable to rust or damage, they may be preserved uninjured for any length of time, and their quantity is, therefore, much less liable to variation than is that of wheat or corn, the supply of which is so largely dependent upon the contingencies of the weather. Capable of the most minute subdivision, they can be used for the performance of the smallest as well as the largest exchanges; and we all know well how large an amount of commerce is effected by means of coins of one and of three cents that would have to remain unaffected; were there none in use of less value than those of five, six, and ten cents.

To facilitate their use, the various communities of the world are accustomed to have them cut into small pieces and weighed, after which they are so stamped as to enable every one to discern at once how much gold or silver is offered in exchange for the commodity he has to sell; but the value of the piece is in only a very slight degree due to this process of coinage.* In the early periods of society, all the metals passed in lumps, requiring of course, to be weighed; and such is now the case with much of the gold that passes between America and Europe. Gold dust has also to be weighed, and allowance has to be made for the impurities with which the gold itself is connected; but with this exception, it is of almost precisely the same value with gold passed from the mint and stamped with an eagle, a head of Victoria, or of Nicholas.

4. A proper supply of those metals having been obtained, and this having been divided, weighed, and marked, the farmer, the miller, the clothier, and all other members of society, are now enabled to effect exchanges, even to the exent of purchasing for a single cent their share of the labors of thousands, and tens of thousands, of men employed in making railroads, engines, and cars, and transporting upon them annually hundreds of millions of letters; or, for another cent, their share of the labor of the hundreds, if not thousands, of men who have contributed to the production of a penny newspaper. The mass of small coin is thus a *saving fund* for labor, because it facilitates association and combination—giving utility to billions of millions of minutes that would be wasted, did not a demand exist for them at the moment the power to labor had been produced. Labor being the first price given for everything we value, and

* The heap of paper in the mill becomes slightly more valuable when it is counted off and tied up in reams, and the heap of cloth is in like manner increased in value when it is measured and tied up in pieces, for the reason that both can be more readily exchanged. Precisely similar to this is the increase of value resulting from the process of coinage.

being the commodity that all can offer in exchange, the progress of communities in wealth and influence is in the direct ratio of the presence or absence of an *instant* demand for the forces, physical and mental, of each and every man in the community—resulting from the existence of a power on the part of each and every other man, to offer something valuable in exchange for it. It is the only commodity that perishes at the instant of production, and that, if not then put to use, is lost forever.

We are all momently producing labor-power, and daily taking in the fuel by whose consumption it is produced; and that fuel is wasted unless its product be on the instant usefully employed. The most delicate fruits or flowers may be kept for hours or days; but the force resulting from the consumption of food cannot be kept, even for a second. That the instant power of profitable consumption may be coincident with the instant production of this universal commodity, there must be incessant combination, followed by incessant division and subdivision, and that in turn followed by an incessant recomposition. This is seen in the case above referred to, where miners, furnace-men, machine-makers, rag-gatherers, carters, bleachers, paper-makers, railroad and canal men, type-makers, compositors, pressmen, authors, editors, publishers, newsboys, and hosts of others, combine their efforts for the production in market of a heap of newspapers that has, at the instant of production, to be divided off into portions suited to the wants of hundreds of thousands of consumers. Each of these latter pays a single cent—then perhaps subdividing it among half a dozen others, so that the cost is perhaps no more than a cent per week; and yet each obtains his share of the labors of all of the persons by whom it had been produced.

Of all the phenomena of society, this process of division, subdivision, composition, and recomposition is the most remarkable; and yet—being a thing of such common occurrence—it scarcely attracts the slightest notice. Were the newspaper above referred to, partitioned off into squares, each representing its portion of the labor of one of the persons who had contributed to the work, it would be found to be resolved into six, eight, or perhaps even ten thousand pieces, of various sizes, small and great—the former representing the men who had mined and smelted the ores of which the types and presses had been composed, and the latter the men and boys by whom the distribution has been made. Numerous as are these little scraps of human effort, they are nevertheless, all combined in every sheet, and every member of the community may—for the trivial sum of fifty cents per annum—enjoy the advantage of the information therein contained; and as fully as he could do, had it been collected for himself alone.

Improvements in the mode of transportation are advantageous to man, but the service they render, when compared with their cost is very small. A ship worth forty or fifty thousand dollars cannot effect exchanges between men at opposite sides of the Atlantic to an extent exceeding five or six thousand tons per annum; whereas, a furnace of similar cost will effect the transmutation of thirty thousand tons' weight of coal, ore, limestone, food, and clothing, into iron. Compared with either of these, however, the commerce effected by the help of fifty thousand dollars' worth

of little white pieces representing labor to the extent of three or five cents —labor which by their help is gathered up into a heap, and then divided and subdivided day after day throughout the year—and it will be found that the service rendered to society, in economizing force, by each dollar's worth of money, is greater than is rendered by hundreds, if not thousands, employed in manufactures, or tens of thousands in ships or railroads; and yet there are able writers who tell us that money is so much "dead capital"—being "an important portion of the capital of a country that produces nothing for the country."

"Money, as money," says an eminent economist, "satisfies no want, answers no purpose. * * The difference between a country with money, and a country altogether without it, would," as he thinks, "be only one of convenience, like grinding by water instead of by hand." A ship, as a ship—a road, as a road—a cotton-mill, as a cotton-mill—in like manner, however, "satisfies no want, answers no purpose." They can be neither eaten, drunk, nor worn. All, however, are instruments for facilitating the work of association, and the growth of man in wealth and power is in the direct ratio of the facility of combination with his follow-men. To what extent they do so, when compared with money, we may now inquire. To that end, let us suppose that by some sudden convulsion of nature all the ships of the world were at once annihilated, and remark the effect produced. The ship-owners would loose heavily; the sailors and the porters would have less employment; and the price of wheat would temporarily fall; while that of cloth would, for the moment rise. At the close of a single year, by far the larger portion of the operations of society would be found moving precisely as they had done before—commerce at home having taken the place of that abroad. Cotton and tropical fruits would be less easily obtained in Northern climes, and ice might be more scarce in Southern ones; but, in regard to the chief exchanges of a society like our own, there would be no suspension, even for a single instant. So far, indeed, would it be to the contrary, that in many countries commerce would be far more active than it had been before—the loss of ships producing a demand for the opening of mines, for the construction of furnaces and engines, and for the building of mills, that would make a market for labor, mental and physical, such as had never before been known.

Let us next suppose that the ships had been spared, and that all the gold and silver, coined and not coined, mined and not mined, were annihilated, and study the effect that would be produced. The reader of newspapers—finding himself unable to pay for them in beef or butter, cloth or iron—would be compelled to dispense with his usual supply of intelligence, and the journal would be no longer printed. Omnibuses would cease to run for want of sixpences; and places of amusement would be closed, for want of shillings. Commerce among men would be at an end, except so far as it might be found possible to effect direct exchanges, food being given for labor, or wool for cloth. Such exchanges could, however, be few in number, and men, women, and children would perish by millions, because of inability to obtain food and clothing in exchange for service. Cities whose population now counts by hundreds of thousands would, before the close of a single year, exhibit hundreds of blocks

of unoccupied buildings, and the grass would grow in their streets. A substitute might, it is true, be found—men returning to the usages of those primitive times when wheat or iron, tobacco or copper, constituted the medium of exchange; but under such circumstances, society, as at present constituted, could have no existence. A pound of iron would be required to pay for a *Tribune* or a *Herald*, and hundreds of tons of any of the commodities above referred to, would be needed for the purchase of the weekly emission of either. Tons of them would be needed to pay for the food consumed in a single eating-house, or the amusement furnished in a single theatre; and how the wheat, the iron, the corn, or the copper could be fairly divided among the people who had contributed to the production of the journal, the food, or the amusement, would be a problem entirely incapable of solution.

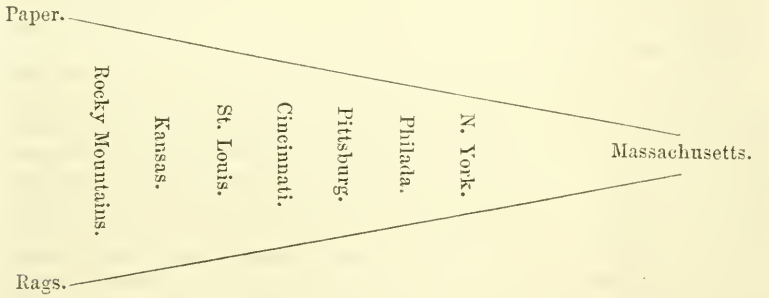
The precious metals are to the social body what atmospheric air is to the physical one. Both supply the machinery of circulation, and the resolution of the physical body into its elements when deprived of the one is not more certain than is that of the social body when deprived of the other. In both these bodies the amount of force is dependent upon the rapidity of circulation. That it may be rapid, there must be a full supply of the machinery by means of which it is to be effected; and yet there are distinguished writers who mourn over the cost of maintaining the currency, as if it were altogether lost, while expiating on the advantages of canals and railroads—not perceiving, apparently, that the money that can be carried in a bag, and that scarcely loses in weight with a service of half a dozen years, effects more exchanges than could be effected by a fleet of ships, many of which would be rotting on the shores on which they had been stranded, at the close of such a period of service, while the remainder would already have lost half of their original value.*

Of all the labor-saving machinery in use, there is none that so much economizes human power, and so much facilitates combination, as that known by the name of money. Wealth, or the power of man to command the services of nature grows with every increase in the facility of combination—this latter growing with the growth of the ability to command the aid of the precious metals. Wealth, then, should increase most rapidly where that ability is most complete.

5. The power of a commodity to command money in exchange is called its PRICE. Prices fluctuate with changes of time and place—wheat being sometimes low, and at others high—and cotton commanding in one country thrice the quantity of silver that would be given for it in another. In one place, much money is required to be given for a little cloth; whereas, in another, much cloth may be obtained for little money. What are the causes of all these differences, and what the circumstances which tend to affect prices generally, we may now inquire.

* A three-cent piece, changing hands ten times in a day, effects exchanges in a year to the extent of $100; or, if we take both sides of the exchanges, to that of $200. Two thousand such pieces—costing $60—engaged in circulating bread at home, are capable of maintaining a greater amount of commerce than can be maintained by a ship that has cost $30,000, engaged in effecting exchanges between the producers of cloth in Manchester and tea in China.

A thousand tons of rags at the Rocky Mountains would not exchange for a piece of silver of the smallest conceivable size; whereas, a quire of paper would command a piece so large that it would weigh an ounce, Passing thence eastward, and arriving in the plains of Kansas, their relative values, measured in silver, would be found so much to have changed, that the price of the rags would pay for many reams of the paper. Coming to St. Louis, a further change would be experienced—rags having again risen and paper having again fallen. Such, too, would prove to be the case at every stage of the progress eastward—the raw material steadily gaining, and the finished commodity losing, in price, until, at length, in the heart of Massachusetts, three pounds of rags would be found to command more silver than would be needed for the purchase of a pound of paper. The changes of relation thus observed are exhibited in the following diagram :—



The price of raw materials tends to rise as we approach those places in which wealth most exists—those in which man is most enabled to associate with his fellow-man, for obtaining power to direct the forces of nature to his service. The prices of finished commodities move in a direction exactly opposite—tending always to decline as those of raw materials advance. Both tend thus to approximate—the highest prices of the one being always found in connection with the lowest of the other; and in the strength of the movement in that direction will be found the most conclusive evidence of advancing civilization and growing commerce.

That all the facts are in entire accordance with this view, will be obvious to those who remark that cotton is low in price at the plantation, and high in Manchester or Lowell; whereas, cloth is cheaper in Lowell than it is in Alabama or Louisiana. Corn, in Illinois, is frequently so cheap that a bushel is given in exchange for the silver required to pay for a yard of the coarsest cotton cloth; whereas, at Manchester, it is so dear that it pays for a dozen yards. The English farmer profits doubly—obtaining much cloth for his corn, while increasing the quantity of corn by help of the manure that is furnished by his competitor of the West. The latter loses doubly—giving much corn for little cloth, and adding thereto the manure yielded by the consumption of his corn, to the loss of which is due the unceasing diminution of the powers of his land.

Looking backward in time, we obtain results precisely similar to those

obtained in passing from countries in which associated men are found, and in which, consequently, wealth abounds, to those in which they are widely scattered, and in which they are, therefore, weak and poor. At the close of the fifteenth century, eight ecclesiastics, attending the funeral of Anne of Brittany, were royally entertained at a cost of 3.13 francs, of money of our time; while the silk used on that occasion is charged at 25 francs. The same quantity of silk could now be purchased for less than a franc and a half—a sum that would be entirely insufficient to pay for a single dinner. The owner of four quires of paper could then obtain for it more money than was required for the purchase of a hog, and less than two reams were needed for that of a bull. In England, hogs, sheep, and corn were cheap, and were exported, while cloth was dear, and was therefore imported. Coming down to a more recent period, the early portion of the last century, we find that corn and wool were cheap, while cloth and iron were dear; whereas, at the close of the century, the former were becoming dearer from day to day, while the latter were as regularly becoming cheaper.

6. Raw material tends, with the progress of men in wealth and civilization, to rise in price. What, however, *is* raw material? In answer to this question, we may say, that all the products of the earth are, in their turn, finished commodity and raw material. Coal and ore are the finished commodity of the miner, and yet they are only the raw material of which pig-iron is made. The latter is the finished commodity of the smelter, and yet it is but the raw material of the puddler, and of him who rolls the bar. The bar, again, is the raw material of sheet-iron—that, in turn, becoming the raw material of the nail and the spike. These, in time, become the raw material of the house, in the diminished cost of which are found concentrated all the changes that have been observed in the various stages of passage from the rude ore—lying useless in the earth—to the nail and the spike, the hammer and the saw, required for the completion of a modern dwelling.

In the early and barbarous ages of society, land and labor are very low in price, and the richest deposits of coal and ore are worthless. Houses being then obtained with exceeding difficulty, men are forced to depend for shelter against wind and rain upon holes and caves they find existing in the earth. In time, they are enabled to combine their efforts; and with every step in the course of progress, land and labor acquire power to command money in exchange, while the house loses it. As the services of fuel are more readily commanded, pig-iron is more easily obtained. Both, in turn, facilitate the making of bars and sheets, nails and spikes, and all of these facilitate the creation of boats, ships, and houses; but each and every of these improvements tends to increase the prices of the original raw materials—land and labor. At no period in the history of the world has the general price of these latter been so high as in the present one; at none would the same quantity of money have purchased so staunch a boat, so fleet a ship, or so comfortable a house.

The more finished a commodity, the greater is the tendency to a fall of price—all the economies of the earlier processes being accumulated together in the later ones. Houses, thus, profit by all improvements in the

making of bricks, in the quarrying of stone, in the conversion of lumber, and in the working of the metals. So, too, is it with articles of clothing —every improvement in the various processes of spinning, weaving, and dyeing, and in the conversion of clothing into garments, being found gathered together in the coat—the more numerous those improvements, the lower being its price, and the higher that of the land and labor to which the wool is due.

With every stage of progress in that direction, there is an increasing tendency towards an equality in the prices of the more and the less finished commodities—and towards an approximation in the character of the books, clothing, furniture, and dwellings of the various portions of society; with constant increase in power to maintain commerce between those countries which do, and those which do not, yield the metals which constitute the raw material of money.

For proof of this, we may look to any of the advancing communities of the world. In the days when the French peasant would have been required to give an ox for a ream and a half of paper, wine was much higher than it is at present—peaches were entirely unattainable—the finer vegetables now in use were utterly unknown—a piece of refined sugar, or a cup of tea or coffee, were luxuries fit for kings alone—and an ell of Dutch linen exchanged for the equivalent of 60 francs—$11 25. Now—the price of meat having wonderfully increased—the farm laborer is better paid; and the consequences are seen in the fact, that with the price of an ox the farmer can purchase better wine than then was drunk by kings—that he can obtain not only paper, but books and newspapers—that he can eat apricots and peaches—that sugar, tea, and coffee have become necessaries of life—and that he can have a supply of linen which would, in earlier times, have almost sufficed for the entire household of a nobleman. Such are the results of an increase in the facility of association and combination among men; and if we now desire to find the instrument to which they are most indebted for the power to combine their efforts, we must look for it in that to which we have given the name of money. Such being the case, it becomes important that we ascertain what are the circumstances under which the power to command the use of that instrument increases, and what are those under which it declines.

7. To acquire dominion over the various natural forces provided for his use, is both the pleasure and the duty of man; and the greater the amount acquired, the higher becomes his labor, and the greater is the tendency to increase of power. With each addition thereto, he finds less resistance to his further efforts; and hence it is, that each successive discovery proves to be but the precursor of newer and greater ones. Franklin's lightning-rod was but the preparation for the telegraph-wires that connect our cities; and they, in turn, are but the precursors of those destined soon to enable us to read, at the breakfast-table, an account of the occurrences of the previous day in Europe, Asia, and Australia. Each successive year thus augments the power of man, and with every new discovery utility is given to forces that now are being wasted. The more they are utilized—the more nature is made to labor in man's service—the less is the quantity of human effort required for the *reproduction* of the com-

modities needed for his comfort, convenience, or enjoyment—the less is the value of all previous accumulations—and the greater is the tendency towards giving to the labor of the present, power over the capital created by the labors of the past.

Utility is the measure of man's power over nature. The greater it is, the larger is the demand for the commodity or thing utilized, and the greater the attractive force exerted upon it, wherever found. Look where we may, we see that every raw material yielded by the earth tends towards those places at which it has the highest utility, and that there it is the value of the finished article is least.* Wheat tends towards the grist-mill, and there it is that flour is cheapest. Cotton and wool tend towards the mills at which they are to be spun and woven, and there it is that the smallest quantity of money will purchase a yard of cloth. On the other hand, it is where cotton has the least utility—on the plantation—that cloth has the highest value. Therefore it is, that we see communities so universally prospering when the spindle and the loom are brought to the neighborhood of the plough and the harrow, to utilize their products.

Precisely similar to this are the facts observed in regard to the precious metals, everywhere on the earth's surface seen to be tending towards those places at which they have the highest utility—those at which men most combine their efforts for utilizing the raw products of the earth—those in which land most rapidly acquires a money value, or price—those, therefore, in which the value of those metals, as compared with land, most rapidly diminishes—and those in which the charge for the use of money is lowest. They tend to leave those places in which their utility is small, and in which combination of action least exists—those, therefore, in which the price of land is low, and the rate of interest high. In the first, there is a daily tendency towards increase in the freedom of man; whereas, in the last, the tendency is in the opposite direction—towards the subjugation of man to the control of those who live by the expenditure of taxes, rent, and interest. Desiring evidence of this, we have but to look around us at the present moment, and see how oppressively rent and interest operate upon the poorer portions of society—how numerous are the applications for the smallest office—and, above all, how great has been the increase of pauperism in the past three years, in which our exports of specie have been so large.

Looking to Mexico or Peru, to California or Siberia, we see but little of that combination of action required for giving utility to their metallic products—little value in land—and interest higher than in any other organized communities in the world. Following those products, we see them passing gradually through the West, towards the cities of the Atlantic, or through Russia to St. Petersburg—every step of their progress being towards those States or countries in which they have the greatest utility—those in which combination of action most exists, and in which, therefore, man is daily acquiring power over the various forces of nature, and com-

* Value is the measure of the obstacle interposed by nature to the gratification of the wishes of man.

pelling her more and more to aid him in his efforts for the attainment of further power.

8. For more than a century, Great Britain constituted the reservoir into which was discharged the major part of the gold and silver produced throughout the world. There it was, that the artisan and the farmer were most nearly brought together—the power of association most existed—the ultimate raw materials of commodities, land and labor, were most utilized, and the consumption in the arts, of gold and silver, was the greatest.* Now the state of things is widely different. From year to year, the land of the United Kingdom has become more consolidated—the little proprietor having been superseded by the great middleman farmer, and the mere day-laborer; and the result is seen in the fact, that Great Britain has passed from being a place at which commodities are produced, to be given in exchange for the produce of other lands—to being a mere place of exchange for the people of those lands. With each successive year, there is a decline in the proportion borne to the whole population by the producing classes, and an increase in that borne by the non-producing ones, with corresponding diminution in the power to retain the products of the mines of Peru and Mexico.

The gold of California does not, as we know, to any material extent, remain among ourselves. Touching our Atlantic coast, only to be transferred to steamers that bear it off to Great Britain, it there meets the product of the Australian mines—the two combined amounting to more than a hundred millions of dollars a year. Both come there, however, merely in transit—being destined, ultimately, to the payment of the people of Continental Europe, who have supplied raw products that have been converted and exported, or finished ones that have been consumed. Much of it goes necessarily to France, whose exports have grown, in the short period of twenty years, from 500,000,000 francs, to 1,400,000,000, and have steadily maintained their commercial character. Manufactures are there the *handmaids* of agriculture; whereas in the United Kingdom, they are, with each successive year, becoming more and more the *substitutes* for it. To a small quantity of cotton, silk, and other raw products of distant lands, France adds a large amount of the produce of her farms—thus entitling herself not only to receive, but to retain for her own uses and purposes, nearly all the commodities that come to her from abroad. Her position is that of the rich and enlightened farmer, who sells his products in their highest form—thus qualifying himself for applying to the support of his family, the education of his children, and the improvement of his land, *the whole of the commodities received in exchange.* That of Britain is the position of the trader, who passes through his hands a large amount of property, of which he is entitled to retain the *amount of his commission, and nothing more.* The one has immense, and wonderfully growing commerce, while the other performs a vast amount of trade.

9. The precious metals are steadily flowing to the north and east of Europe, and among the largest of their recipients we find Northern Ger-

* Thirty years since, the annual consumption of the precious metals in Great Britain was estimated at £2,500,000, or $12,000,000.

many, now so rapidly advancing in wealth, power, and civilization. Denmark and Sweden, Austria and Belgium, following in the lead of France, in the maintenance of the policy of Colbert, are moving in the same direction; and the consequences are seen in a growing habit of association, attended with daily augmentation in the amount of production, and in the facility of accumulation, as exhibited in the building of mills, the opening of mines, the construction of roads, and the constantly augmenting power to command the services of the precious metals.

The causes of these phenomena are readily explained. Raw materials of every kind tend towards those places at which employments are most diversified, because there it is that the products of the farm command the largest quantity of money. Gold and silver follow in the train of raw materials; and for the reason, that where the farmer and the artisan are most enabled to combine, finished commodities are always cheapest. When Germany exported corn and wool, they were cheap, and she was required to export gold to aid in paying for the cloth and paper she imported; because they were very dear. Now she imports both wool and rags; her farmers obtain high prices for their products, and are enriched; and the gold comes to her, because cloth and paper are so cheap that she sends them to the most distant quarters of the world. So is it with France, Belgium, Sweden, and Denmark—all of which are large importers of raw materials, and of gold. In all those countries, raw materials rise in price; *and the greater the tendency to rise, the more rapidly must the current of the precious metals set in that direction.* The country that desires to increase its supplies of gold, and thus lower the price of money, is, therefore, required to pursue that course of policy tending most to raise the prices of raw material, and lower those of manufactures. This, however, is directly the opposite of the policy advocated by the British school, which seeks, in the cheapening of all the raw material of manufactures, the means of advancing civilization.

10. The reverse of what is above described is found in Ireland, Turkey, and Portugal, so long the close allies of England—and so uniformly following in the course of policy now advocated by her economists. From each and all of them, there has been an unceasing drain of money—the disappearance of the precious metals having been followed by decline in the productiveness of agriculture—in the prices of commodities, in the value of land, and in the power of man.

France in the decade prior to the Eden treaty in 1786, was advancing in both manufactures and commerce with great rapidity, as is shown conclusively in M. de Tocqueville's recent work.* Raw materials and the pre-

* "Simultaneous with these changes in the minds of governed and governors, public prosperity began to develop with unexampled strides. This is shown by all sorts of evidence. Population increased rapidly; wealth more rapidly still. The American war did not check the movement—it completed the embarrassment of the State, but did not impede private enterprise; individuals grew more industrious, more inventive, richer than ever.

"An official of the time states that in 1774 'industrial progress had been so rapid that the amount of taxable articles had largely increased.' On comparing the various contracts made between the State and the companies to which the

cious metals flowing in, and manufactured goods flowing out, the result was seen in a daily increasing tendency towards the division of land, the improvement of agriculture, and the increase of human freedom. From the date of that treaty, however, all was changed. Manufactures flowed in, and gold flowed out, with daily decline in the power of association, in the wages of labor, and in the value of land. Universal distress producing a demand for change of policy, its effect was seen in the calling together of the States-General, whose appearance on the stage for the first time in a hundred and eighty years, was so soon to be followed by a revolution, that sent to the guillotine the most of those by whom that treaty had been made.

Looking to Spain, we see her poverty to have steadily increased from the hour, when, by expelling her manufacturing population, she rendered herself dependent upon the workshops of other countries. Mistress of Mexico and Peru, she acted merely as the conduit through which their wealth passed to the advancing countries of the world, as is now the case with Great Britain and the United States.

Turning next to Mexico, we see her to have been declining steadily in power from the day on which she obtained her independence; and for the reason, that from that date her manufactures began to disappear. From year to year she becomes more and more dependent upon the trader, and more and more compelled to export her commodities in their rudest state; as a necessary consequence of which, her power to retain the produce of her mines is constantly diminishing.

11. The facts thus far presented, may now be embodied in the following propositions:—

Raw materials tend *towards* those countries in which employments are most diversified—in which the power of association most exists—and in which land and labor tend most to rise in price.

The precious metals tend towards the same countries; and for the reason, that there it is that finished commodities are least in price.

The greater the attractive force exerted upon those raw materials and this gold, the more does agriculture tend to become a science—the larger are the returns to agricultural labor—the more steady and regular becomes the motion of society—the more rapid is the development of the powers of the land, and of the men by whom it is occupied—the larger is the commerce—and the greater the progress towards happiness, wealth, and power.

Raw materials tend *from* those countries in which employments are least

taxes were farmed out, at different periods during the reign of Louis XVI., one perceives that the yield was increasing with astonishing rapidity. The lease of 1786 yielded fourteen millions more than that of 1780. Necker, in his report of 1781, estimated that 'the produce of taxes on articles of consumption increased at the rate of two millions a year.

"Arthur Young states that in 1788 the commerce of Bordeaux was greater than that of Liverpool, and adds that 'of late years maritime trade has made more progress in France than in England; the whole trade of France has doubled in the last twenty years.'"—De Tocqueville, *The Old Regime and the Revolution*, p. 210.

diversified—those in which the power of combination least exists—and those consequently, in which land and labor are least in price.

The precious metals, too, tend to leave those countries, because there it is that finished commodities are dearest.

The greater the expulsive force that is thus exhibited, the slower is the circulation of society, and the smaller is the amount of commerce—the more rapid is the exhaustion of the soil—the lower is the condition of agriculture—the less is the return to the labors of the field—the lower are the prices of the products of the farm—the less is the regularity of the motion of society—the greater is the power of the trader—and the stronger is the tendency towards pauperism and crime among the people, and towards weakness in the government.

The portions of the world *from* which the precious metals flow, in which agriculture declines, and men become less free, are those which follow in the lead of England—preferring the supremacy of trade to the extension of commerce—Ireland, Turkey, Portugal, India, Carolina, and other exclusively agricultural countries.

The portions *towards* which they flow are those which follow in the lead of France—preferring the extension of commerce to the enlargement of the trader's power. Germany and Denmark, Sweden and New England, are in this position. In all of these agriculture becomes more and more a science, as employments become diversified—the returns to agricultural labor increasing as the prices of raw materials tend to rise.

In all the countries *to* which they flow, the prices of raw materials and those of finished commodities tend to approximate—the farmer giving a steadily diminishing quantity of wool and corn in return for a constant quantity of cloth and iron.

In those *from* which they flow, those prices become from year to year more widely separated—the farmer and the planter giving a steadily increasing quantity of wool and corn for a diminishing quantity of iron, or of cloth.

Such are the facts presented by the history of the outer world, of both the present and the past. How far they are in accordance with our own experience we may now inquire.

12. The mining communities of the world having raw products to sell, and needing to purchase finished commodities, the gold and silver they produce flow naturally to those countries that have such commodities to sell; and not towards those which have only raw materials to offer in exchange. India has cotton to sell; Ireland and Turkey have grain: Brazil has sugar and coffee; while Alabama has only cotton; for which reason it is that money is always scarce in those countries, and the rate of interest high. Looking homeward, we find that whenever our policy has tended towards the production of combination of action between the farmer and the artisan, we have been importers of the precious metals, and that then land and labor have risen in price. The contrary effect has invariably been produced, whenever our policy has tended to the diminution of association, and the production of a necessity for looking abroad for making all our exchanges of food and wool for cloth and iron—limited, however, for the period immediately following the change, by the existence of a credit that

has enabled us to run in debt to Europe, and thus for a time to arrest the export of the precious metals. What was the precise course of the trade in those metals during the thirty years preceding the discovery of the California gold deposits, is shown by the following figures :—

	Excess exports.	Excess imports.
1821—1825	$12,500,000	.....
1826—1829	.....	$4,000,000
1830—1834	.....	20,000,000
1835—1838	.....	34,000,000
1839—1842	9,000,000	.....
1843—1847	.....	39,000.000
1848—1850	14,000,000	.....

In the closing years of the free trade system of 1817, the average excess of specie export was about $2,500,000 a year. To this adding a similar amount, only, for the annual consumption, we obtain an absolute diminution of five-and-twenty millions, while the population had increased about ten per cent. Under such circumstances, it is no matter of surprise that those years are conspicuous among the most calamitous ones in our history. At Pittsburg, flour then sold at $1 25 per barrel; wheat, throughout Ohio, would command but 20 cents a bushel; while a ton of bar iron required little short of eighty barrels of flour to pay for it. Such was the state of affairs that produced the tariff of 1824—a very imperfect measure of protection, but one that, imperfect as it was, changed the course of the current, and caused a *net* import, in the four years that followed, of $4,000,000 of the precious metals. In 1828, there was enacted the first tariff tending directly to the promotion of association throughout the country; and its effects exhibit themselves in an excess import of the precious metals—averaging $4,000,000 a year—notwithstanding the discharge, in that period, of the whole of the national debt that had been held in Europe, amounting to many millions. Putting together the discharge of debt and the import of coin, the balance of trade in that period must have been in our favor to the extent of nearly $50,000,000; or an average of about $10,000,000 a year. As a consequence, prosperity existed to an extent never before known—the power to purchase foreign commodities growing with such rapidity as to render it necessary greatly to enlarge the free list; and then it was that coffee, tea, and many other raw commodities, were emancipated from the payment of any impost. Thus did efficient protection lead to a freedom of commerce, abroad and at home, such as had never before existed.

The first few years of the compromise tariff of 1833 profited largely by the prosperity caused by the act of 1828, and the reductions under it were then so small that its operation was but slightly felt. In those years, too, there was contracted a considerable foreign debt—stopping the export of specie, and producing an excess import averaging more than $8,000,000 a year. Prosperity *seemed* to exist, but it was of the same description that has marked the last few years, during which the value of all property has depended entirely upon the power to contract debts abroad—thus placing the nation more completely under the control of its distant creditors.

In the succeeding years, the compromise became more fully operative.* Furnaces and factories were closed, with constantly increasing necessity for looking abroad for the performance of all exchanges, and corresponding necessity for remitting money to pay the balance due on the purchases of previous years. Nevertheless, the annual specie export averaged little more than $2,000,000; but if to this be added a consumption of only $3,000,000 a year, we have a reduction of $20,000,000; the consequences of which were seen in almost total suspension of commerce. The whole country was in a state of ruin. Laborers were everywhere out of employment, and being still consumers, while producing nothing, the power of accumulation ceased almost to exist. Debtors being everywhere at the mercy of creditors, sales of real estate were chiefly accomplished by help of sheriffs, whose employments were then more productive than they had been from the date of the constitution.

The change in the value of labor, consequent upon the stoppage of the circulation that followed this trivial export of the precious metals, cannot be placed at less than $500,000,000 a year. Wages were low, even where employment could be obtained; but a large portion of the labor-power of the country was totally wasted, and the demand for mental power diminished even more rapidly than that for physical exertion. In the prices of land, houses, machinery of all kinds, and other similar property, the reduction counted by thousands of millions of dollars; and yet, the difference between the two periods ending in 1833 and 1842, in regard to the monetary movement, was only that between an excess import of $5,000,000, and an excess export of $2,500,000, or a total of $7,500,000 a year. No one who studies these facts, can fail to be struck with the wonderful power over the fortunes and conditions of men exerted by the metals provided by the Creator for furthering the work of association among mankind. With the small excess of import in the first period, there was a steady tendency towards equality of condition among the poor and the rich, the debtor and the creditor; whereas, with the slight excess of export in the second one, there was a daily increasing tendency towards inequality—the poor laborer and the debtor, passing steadily more under the control of the rich employer, and the wealthy creditor. Of all the machinery furnished for the use of man, there is none so equalizing in its tendency as that known by the name of money; and yet economists would have the world believe that the agreeable feeling which everywhere attends a knowledge that it is flowing in, is evidence of ignorance—any reference to the question of the favorable or unfavorable balance of trade being beneath the dignity of men who feel that they are following in the footsteps of Hume and Smith. It would, however, be as difficult to find a single prosperous country that is not, from year to year, making itself *a better customer to the gold-producing countries*, as it would be to find one that is not becoming a better customer to those which produce silk, or

* One-tenth of the excess over 20 per cent. was reduced in December, 1833, another tenth in 1835, a third in 1837, and a fourth in 1839; the remaining excess of duties being then equally divided into two parts, to be reduced in 1841 and 1842.

cotton. To an improving customer, there must be in its favor a steadily increasing balance of trade, to be settled by payment in the commodity for whose production the country is fitted, whether that be cloth, or tobacco, silver or gold.

The condition of the nation at the date of the passage of the act of 1842, was humiliating in the extreme. The treasury—unable to obtain at home the means required for administering the government, even on the most economical scale—had failed in all its efforts to negotiate a loan at six per cent., even in the same foreign markets in which it had but recently paid off, at par, a debt bearing an interest of only three per cent. Many of the States, and some even of the oldest of them, had been forced to suspend the payment of interest on their debts. The banks, to a great extent, were in a state of suspension, and those which professed to redeem their notes, found their business greatly restricted by the increasing demand for coin to go abroad. The use of either gold or silver as currency had almost altogether ceased. The Federal government, but recently so rich, was driven to the use of inconvertible paper money, in all its transactions with the people. Of the merchants, a large portion had become bankrupt. Factories and furnaces being closed, hundreds of thousands of persons were totally unemployed. Commerce had scarcely an existence—those who could not sell their own labor, being unable to purchase of others. Nevertheless, deep as was the abyss into which the nation had been plunged, so magical was the effect of the adoption of a system that had turned the balance of trade in its favor, that scarcely had the act of August, 1842, become a law, when the government found that it could have all its wants supplied at home. Mills, factories, and furnaces, long closed, were again opened; labor came again into demand; and, before the close of its third year, prosperity almost universally reigned. States recommenced the payment of interest on their debts. Railroads and canals again paid dividends. Real estate had doubled in value, and mortgages had been everywhere lightened; and yet the total net import of specie in the first four of the years, was but $17,000,000, or $4,250,000 per annum! In the last year occurred the Irish famine, creating a great demand for food; the consequence of which was, an import of no less than $22,000,000 of gold—making a total import, in five years, of $39,000,000. Deducting from this but $4,000,000 per annum for consumption, it leaves an annual increase, for the purposes of circulation, of less than $5,000,000; and yet the difference in the prices of labor and land in 1847, as compared with 1842, would be lowly estimated, if placed at only $2,000,000,000.

With 1847, however, there came another change of policy—the nation being again called upon to try the system under which it had been prostrated in 1840–'42. The doctrines of Hume and Smith, in reference to the balance of trade, were again adopted as those by which a government was to be directed in its movements. Protection being then repudiated, the consequences were speedily seen in the fact, that within three years, factories and furnaces were again closed, labor was seeking demand, and gold was flowing out even more rapidly than it had come in under the tariff of 1842. The excess export of those three years amounted to $14,000,000; and if to this be added $15,000,000 for consumption, it

follows that the reduction was equal to the total increase under the previous system. Circulation was everywhere being suspended, and a crisis was close at hand, when, fortunately for the advocates of the existing system, the gold deposits of California were brought to light.

In the year 1850–'51, the quantity received from that source was more than $40,000,000, of which nearly $20,000,000 were retained at home. The consequence was speedily seen in a reduction of the rate of interest, and a re-establishment of commerce. In the following year, $37,000,000 were exported, leaving, perhaps, $8,000,000 or $10,000,000, which, added to that retained in 1851, made an addition to the currency of probably $30,000,000—producing universal life and motion. In 1852–'53, there was still a slight increase, but in the two years following, the export was $97,000,000; and if to this we add a domestic consumption that probably was but little short of $20,000,000, we obtain a total amount withdrawn exceeding the receipt from all the world. Looking now to the Union east of the Rocky Mountains, it may well be doubted if the *effective* addition to the stock of the precious metals remaining in the form of coin much exceeds a single dollar per head of the population.* It may amount to $30,000,000 or $35,000,000; and small as is that sum, it would have produced a great effect in promoting rapidity of circulation, had it not been that, simultaneously therewith, the indebtedness to foreign countries had so much increased, as to require, for the payment of interest alone, an annual remittance equal to the whole export of food to all the world—producing doubt and general distrust—causing an extensive hoarding of money, and palsying the movements of commerce. As a consequence of this it is, that the country now presents the most extraordinary spectacle in the world—that of a community owning one of the great sources of supply for money, in which the price paid for its use is generally thrice, and, in many parts of the country, six or eight times as great as in those countries of Europe which find their gold mines in their furnaces, their rolling-mills, and their cotton and woollen factories.

* In the last Treasury Report (1856) the addition to the stock of the precious metals in the last few years is estimated at more than $100,000,000, and possibly even $150,000,000. Small allowance is there, however, made for a consumption in the arts, that must, in the last five years, have absorbed at least fifty of those millions. None is made for the fact that $20,000,000 are always kept in the Treasury vaults, and, while there, are as useless as would be a similar weight of pebble-stones. Much advantage is claimed to have resulted from increasing the difficulty of transferring the property in money, by compelling individuals to carry gold in their pockets, when, if the law permitted, they would prefer to carry bank-notes. No allowance is made for a land system that compels millions of dollars in gold to be transported from one part of the country to another, at great cost and risk, when drafts would be used, were it not that it is the object of the Federal government, as far as possible, to destroy the utility of the precious metals, by promoting their transportation, and thus preventing their circulation. From the day when free trade was inaugurated as the policy of the dominant party of the country, there has been almost an unceasing war against credit; and the result is seen in the fact that it requires $200,000,000 of gold and silver to carry on a smaller amount of commerce than would, under a sound system, be transacted by help of less than $100,000,000, and with a steadiness and regularity that now are quite unknown.

Our policy has, with slight exceptions, looked steadily towards keeping down the prices of the rude products of the earth, and thus facilitating their export; and the precious metals always follow in their train. The result is seen in the general exhaustion of the soil—in the fact that agriculture makes but little progress—in the diminished yield of the land, and in the steady decline of the price of tobacco, flour, cotton and other rude products of the earth. Taking the averages of the several decades since 1810, the export prices of flour have been as follows :—

For that ending in 1820	$10 37
" " 1830	6 20
" " 1840	6 78
" " 1850	5 27
The 3 years ending 1853	4 67
For 1853	4 24

—this last being probably the lowest price at which it has been sold since the arrival of Hendrick Hudson in your harbor. The prices above given, I pray you to recollect, are those furnished in the recent Treasury Reports. Precisely similar to this have been the facts transpiring in relation to cotton and tobacco; of the former of which, the planter was giving, in 1852, little short of five pounds for the same quantity of gold and silver that seven-and-thirty years before he obtained for one.

The power to command the services of the precious metals grows with the growth of the power of association and combination. The policy of the Union is hostile to association, and hence it is that our products fall in price, while all the metals remain so dear. That is the course towards barbarism. You will probably be disposed to say, that prices are now very high, and that if such prices are to insure prosperity, it is certainly within our reach. Such would be the case, were it not for the causes to which they are due—great deficiency in the quantity produced. Twenty years since, we had similar prices, and for the same reason—all the energies of the country having then been given, as is now the case, to the creation of food and cotton-producing machinery, and not to the production of either food or cotton. Those high prices were, however, only the precursors of the ruinously low ones of 1841 and '42.

The quantity of food now produced is far less, per head, than it was four years since; while the average crop of cotton, for the last four years, has been less than that of 1851–'52. Desiring to know the cause, you need only to look to the facts, that the rural population of your own State is gradually diminishing; and that the young Ohio has now become the great emigrating State of the Union. The men who are now being driven from farms in the East, to found colonies in the West, are consumers, and not producers; but the day approaches, when the effects of their labor will become visible in such a reduction of prices as has never before been known. Any one who, in 1835, had predicted the universal ruin of farms, that followed three years later, would have been listened to with an incredulity equal to that which you, probably, hear one say that the occurrences of 1841–'42 are yet to be repeated. In the last ten years, we have added to our numbers almost as many millions; and yet we have scarcely more persons engaged in the four chief branches of manufacturing than we

had in 1847–'48. Nearly the whole increase has been driven to the creation of farms and plantations, that will yet overwhelm the market with food and cotton. The whole policy of the country is adverse to the agricultural interest, for it tends toward cheapening raw products, and thus promoting the exports of the precious metals.

13. "In every kingdom into which money begins to flow in greater abundance than formerly, everything," says Mr. Hume, in his well-known Essay on Money, "takes a new face: labor and industry gain life; the merchant becomes more enterprising, the manufacturer more diligent and skilful; and even the farmer follows his plough with more alacrity and attention."

That this is so, is well known to all. Why should it be so? Because the circulation of society then increases, and all power—whether in the physical or social world—results from motion. When money is flowing in, every man is enabled to find a purchaser for his labor, and to become a purchaser of that of others. Therefore it is, that commerce so steadily increases in those countries in which the Californian and Australian products now so rapidly accumulate—France, Germany, and Northern and Eastern Europe generally. When, on the contrary, money flows out, the circulation diminishes, and labor is everywhere wasted. That labor-power is capital, the result of the consumption of other capital in the form of food; and all the difference between an advancing and a declining state of society, is found in the fact, that in the one, there is a constant increase in the rapidity with which the demand for muscular or mental power follows its production, while in the other, there is a daily diminution therein. The more instantly the demand follows the supply, the more is the force economized, and the larger is the power of accumulation. The longer the interval between production and consumption, the greater is the waste of force, and the less is the power of accumulation.

Of all the machinery in use among men, there is none that exercises upon their actions so great an influence as that which gathers up and divides and subdivides, and then gathers up again, to be on the instant divided and subdivided again, the minutes and quarter-hours of a community. It is the machinery of association, and the *indispensable* machinery of progress; and therefore it is, that we see in all new or poor communities so constant an effort to obtain something to be used in place of it; as is shown in various countries in which an irredeemable paper constitutes the only medium of exchange. Throughout the West, a currency of some description is felt to be among the prime necessities of life. So well is this want understood, that many Eastern banks supply notes expressly for Western circulation, and the people there pass them from hand to hand, because any money is better than none, and good they cannot get, for the reason that metallic money always flows *from* the place where the charge for its use is high, *to* that at which it is low. The rate of interest in the West is now enormous, but every day witnesses the export of gold to the East, where it is somewhat less; and yet even your high interest—ranging, as it has done for years, between ten and thirty per cent. per annum—cannot prevent it from going to France and Germany, where it commands but five or six per cent. Money thus obeys the same law as water

—*seeking always the lowest level.* The latter falls upon the hills, but from the moment of its fall it never stops until it reaches the ocean; nor does the gold of California, or the silver of Mexico, stop until it reaches that point at which money most abounds, and at which, for that reason, the price paid for its use is least.

Of all the commodities in use by man, the precious metals are those that render the largest amount of service in proportion to their cost—and those whose movements furnish the most perfect test of the soundness or unsoundness of its commercial system. They go *from* those countries whose people are engaged in exhausting the soil, *to* those in which they renovate and improve it. They go *from* those at which the price of raw products, and the land itself, is low—*from* those at which money is scarce and interest is high. The country that desires to attract the precious metals, and to lower the charge for the use of money, has, then, only to adopt the measures required for raising the price of land and labor. In all countries, the value of land grows with that development of the human faculties which results from diversity in the modes of employment, and from the growth of the power of combination. That power grows in France, and in all the countries of Northern Europe; and for the reason, as has been shown, that all those countries have adopted the course of policy recommended by Colbert, and carried out by France. It declines in Great Britain, in Ireland, in Portugal, in Turkey, in the Eastern and Western Indies, and in all countries that follow the teachings of the British school. It has grown among ourselves in every period of protection; and then money has flowed in, and land and labor have risen in value. It has diminished in every period in which trade has obtained the mastery over commerce. Land and labor have always declined in value as soon as our people had eaten, drunk, and worn foreign merchandise to the extent of hundreds of millions of dollars, for which they had not paid; and had thus destroyed their credit with other communities of the world.

14. We are told, however, by the same writer—Mr. Hume—and in that he is followed by the modern economists—that the only effect of an increase of the supply of gold and silver is that of "heightening the price of commodities, and obliging every one to pay more of those little yellow or white pieces for everything he purchases." Were such really the case, it would be little short of a miracle that we should see money always, century after century, passing in the same direction—to the countries that are rich from those that are poor; so poor, too, that they cannot afford to keep as much of it as is absolutely necessary for their own exchanges. The gold of Siberia leaves a land in which so little circulates that labor and its products are at the lowest prices, to find its way to St. Petersburg, where it will purchase less labor and less of either wheat or hemp than it would do at home; and that of Carolina and Virginia goes steadily and regularly, year after year, to the countries to which the people of those States send their cotton and their wheat, because of the higher prices at which they sell. The silver of Mexico, and its cochineal, travel together to the same market; and the gold of Australia passes to Britain by the ship which carries the wool yielded by its flocks.

Every addition to the stock of money, as we are assured by the inge-

nious men of modern days engaged in compiling treasury tables and finance reports, renders a country a good place to sell in, but a bad one in which to purchase. To what countries, however, is it that men have most resorted when they desired to purchase? Have they not, until recently, gone, almost exclusively, to Britain? It has been so, assuredly; and for the reason, that there it has been that finished commodities were cheaply furnished. Where have they gone to sell? Has it not been to Britain? It certainly has been so; and for the reason, that there it was that gold, cotton, wheat, and all other of the rude products of the earth, were dear. Where do they now most tend to go when they desire to purchase cloths or silks? Is it not to France and Germany? So it certainly is; and for the reason, that there it is that raw materials are highest, and finished ones are cheapest. Gold follows in the train of raw materials generally—these last being found, invariably, travelling to those places at which the rude products of the earth command the highest price, while cloth, iron, and manufactures of iron and other metals, may be purchased at the lowest; and the greater the flow in that direction, the greater is the tendency to further enhancing the prices of the former, and reducing those of the latter. From this it would seem that increase in the supply and circulation of money, so far from having the effect of causing men to give two pieces for an article that could before have been had for one, has, on the contrary, that of enabling them to *obtain for one piece the commodity that before had cost them two;* and that such is the fact, can readily be shown.

It is within the knowledge of all, that manufactures have greatly fallen in price—the quantity of cotton cloth that can now be obtained for a single dollar being as great as would formerly have cost five—*and that the reduction has taken place in the very countries into which the gold of the world has steadily flowed, and into which it is now flowing*—whence it would appear quite certain that finished commodities tend to fall as money flows in, while land and labor—the ultimate raw materials of all—tend to rise in price. The gold of California and Australia now goes to Germany, France, Belgium, and Great Britain, where money abounds and interest is low, because there manufactured commodities are cheap and money is valuable, *when measured by them.* It does not go to Spain, Italy, Portugal, or Turkey, because there manufactured goods are dear, and land and labor are cheap. It does not stop in Mississippi, Arkansas, or Texas, because there, too, manufactures are dear, and land and labor are cheap; but there it will stop at some future period, when it shall have been ascertained that the plough and the harrow should always have for their near neighbors the spindle and the loom.

The higher products of a skilful agriculture—fruits, garden vegetables, and flowers—tend steadily to decline in price in all those countries into which money is flowing; and for the reason, that agricultural improvement always accompanies manufactures, and manufactures always attract the precious metals. Every one familiar with the operations of the West, knows that while corn and pork are there always cheap, cabbages, peas, beans, and all green crops, are invariably scarce and dear; and so continue, until, as around Cincinnati and Pittsburg, population and wealth have

given a stimulus to the work of cultivation. In England, the increase of green crops of all kinds has been immense, attended with the decline in price; and in France, a recent writer* informs us that, notwithstanding the increase in the quantity of money, the price of wine is scarcely more than a fourth of what it was three centuries since. By another we are told, that "every man in France, of forty years of age, must have remarked the sensible diminution of the price of garden produce, fruits of all kinds, flowers, etc.; and that most of the oleaginous grains and plants used in manufactures have fallen in like manner; while beets, carrots, beans, etc., have become so common that they are now fed to animals in the stable."†

Food thus becomes more abundant in those countries into which gold is steadily flowing, and it becomes less so in those from which the gold flows, as is seen in Carolina, which has steadily exhausted her land—in Turkey—in Portugal—and in India. In all those countries, land and labor are low in price. Give them manufactures—thus enabling their people to combine their efforts—and they will obtain and retain gold; and then they will make roads, and the supplies of food will steadily increase as cloth and iron become cheaper; and land and labor will then rise in price.

15. Of what use, however, it may be asked, are further supplies of gold and silver when a country has obtained the full allowance required for the most perfect circulation of its products, and of the services of the persons of whom the society is composed? Is it not possible that the commodity may become superabundant? It is not; and for the reason, that the uses of those metals are so numerous and great. Silver is better than iron for a great variety of purposes. The melting-pot of the goldsmith, or the subjection to the hammer of the gold-beater, is the ultimate destination of the whole of the vast products of Siberia, California, and Australia; and the greater the power to use them in the arts, the more rapid must be the progress of civilization. That power grows with increase in the facility of combination, and the latter grows with the increased facility of obtaining this essential machinery of association. The miner of gold is thus always making a market for his commodity, and the more of it that he supplies, the greater is the tendency towards decline in the price of the cloth, the watches, the steam-engines, and the books that he seeks to purchase. In proof that such is the case, it is needed only that—looking back for half a century—we remark the vast increase in the demand for plate, and the growing substitution of gold for the silver that so recently was used. Forty years since, gold watches were the exception. Now, a silver watch is rarely seen. Thirty years since, a gold pencil-case was quite a rarity. Now, such cases are made almost by millions. A quarter of a century since, a gilt-edged book was an unusual article of luxury. Now, gold is required almost by tons for gilding the edges of books. So is it everywhere—gold and silver coming daily into use, because of the increased facility with which they may be obtained; while all the com-

* M. Moreau de Jonnes.

† De Fontenay, Du Revenu Foncier.

modities required for the miner's purposes have steadily declined in price. That "all discord" is "harmony not understood," we are assured; and the more we study the laws of nature, the more conclusive become the proofs that such is certainly the case.

16. The use of bank-notes tends, however, as we are assured, to promote the expulsion of gold. Were it to do so, it would be in opposition to the great general law in virtue of which all commodities tend to, and not *from*, the places at which they have the highest utility. A bank is a machine for utilizing money, by enabling A, B, and C to obtain the use of it at the time when D, E, and F, its owners, do not need its services. The direct effect of the establishment of such institutions in the cities of Europe has always been to cause money to flow *towards* those cities; and for the reason, that there its utility stood at the highest point. Even then, however, there were difficulties attendant upon the change of property in the money deposited with the bank—the owner being required to go to the banking-house, and write it off to other parties. To obviate this difficulty, and thus increase the utility of money, its owners were at length authorized to draw checks, by means of which they were enabled to transfer their property without stirring from their houses.

The difficulty still, however, existed, that—private individuals not being generally known—such checks could, in general, effect but a single transfer, and thus the recipient of money found himself obliged to go through the operation of taking possession of that which had been transferred to him, after which he had, in his turn, to draw a check when he himself desired to effect another change of property. To obviate this, circulating notes were invented, and by their help the ownership of money is now transferred with such rapidity that a single hundred dollars passes from hand to hand fifty times a day—effecting exchanges, perhaps, to the extent of many thousand dollars, and without the parties being at any time required to devote a single instant to the work of counting the coin. This was a great invention, and by its aid, the utility of money was so much increased that a single thousand pieces could be made to do more work than without it could be done by hundreds of thousands.

This, of course, as we are told, supersedes gold and silver, and causes them to be exported. So we are certainly assured by those economists who regard man as an animal that must be fed and will procreate; and that can be made to work only under the pressure of a strong necessity. Were they, however, to look, for once, at the real MAN—the being made in the image of his Creator, and capable of almost infinite elevation—they would perhaps, arrive at a conclusion widely different. The desires of *that* man are infinite, and the more they are gratified, the more rapidly do they increase in number. The miserable Hottentot dispenses with a road of any kind, but the enlightened and intelligent people of other countries are seen passing in succession from the ordinary village road to the turnpike, and thence to the railroad; *and the better the existing communications, the greater is the thirst for further improvement.* The better the schools and houses, the greater is the desire for superior teachers and further additions to the comforts of the dwelling. The more perfect the circulation of society, the larger is the reward of labor, and the greater is the power to

purchase gold and silver, to be used for the various purposes for which they are so admirably fitted, and the greater is the tendency to have them flow to the places at which the circulation is established. Money promotes the circulation of society. The check and the bank-note stimulate that circulation—giving thereby value to labor and land; and wherever these checks and notes are most in use, there should the inward current of the precious metals be most fully and firmly established.

That such *is* the case, is proved by the facts, that, for a century past, the precious metals have tended most to Britain, where such notes were most in use. Their use increases rapidly in France, with constant increase in the inward flow of gold. So, too, does it in Germany, towards which the auriferous current now sets so steadily that notes which are the representatives of money are rapidly taking the place of those irredeemable pieces of paper by which the use of coin has so long been superseded.

Whence flows all this gold? From the countries in which employments are not diversified; from those in which there is little power of association and combination; from those in which, therefore, credit has no existence; from those, finally, which do not use that machinery which so much increases the utility of the precious metals, and which we are accustomed to designate by the term *bank note*. The precious metals go *from* California —*from* Mexico—*from* Peru—*from* Brazil—*from* Turkey—and *from* Portugal—the lands in which property in money is transferred only by means of actual delivery of the coin itself—*to* those in which it is transferred by means of a check or note. It goes *from* the plains of Kansas, where notes are not in use, *to* New York and New England, where they are—*from* Siberia *to* St. Petersburg—*from* the banks of African rivers *to* London and Liverpool—and *from* the "diggings" of Australia *to* the towns and cities of Germany, where wool is dear and cloth is cheap.

17. All the facts exhibited throughout the world tend to prove that every commodity seeks that place at which it has the highest utility; and all those connected with the movement of the precious metals prove that they constitute no exception to the rule. Bank-notes increase the utility of those metals, and should, therefore, attract, and not repel, them. Nevertheless, the two nations of the world which claim best to understand the principles of commerce, are now engaged in a crusade against those notes; and in the vain hope of thereby rendering their several countries more attractive of the produce of the mines of Peru, and Mexico, Australia and California. In this case, England follows in our lead—Sir Robert Peel's restrictions being later in date, by several years, than the declaration of war against circulating notes fulminated by our government.

It is a pure absurdity; and its adoption here is due to the fact that our system of policy tends to that expulsion of the precious metals which always *must* result from the long-continued export of the raw products of the earth. The administration that adopted what is called free trade, was the same that commenced the system of *compelling* the community to use gold instead of notes; and the result was found in the disappearance from circulation of coin of any description whatsoever. From that time to the present, the motto of the generally dominant party of the Union has been—"War to the death against bank-notes;" and, with a view to promote their expul-

sion, laws have been passed in various States forbidding their use except when of too large size to enter freely into the transactions of the community. As must, however, inevitably be the case the tendency to the loss of the precious metals has always been in the direct ratio of the diminution in their utility thus produced. At one time only, in almost twenty years, has there been an excess import of those metals, and that was under the tariff of 1842. Then, money became abundant and cheap, because the policy of the country looked to the promotion of association and the extension of commerce. Now, it is scarce and dear, because that policy limits the power of association, and established the supremacy of trade.

18. Of all the machinery in use among men, there is none whose yield is so great in proportion to its cost as that employed in effecting exchanges from hand to hand—none whose movements inward or outward are so strong an evidence of increase or decrease of the productive power of the community—none, therefore, that affords the statesman so excellent a barometer by means of which to judge of the working of his measures. It is nevertheless, of all others, the one whose movements are, by economists generally, regarded as least worthy of consideration. By many of them we are even taught that the only effect of an increase in the supply of a commodity whose possession is so anxiously sought by all mankind, is that instead of having the labor of counting out one, two, or three hundred pieces, we should be forced to count three, six, or nine hundred; and that, therefore, there is economy in being forced to perform the work of exchange with the smallest quantity of the machinery by aid of which, alone, it can be performed. All the teachings on this subject are in direct opposition to those of the common sense of mankind; and, as is usually the case, that to which all men are prompted by a sense of their own interests, is far more nearly right than that which is taught by philosophers who look inward to their own minds for the laws which govern man and matter—refusing to study the movements of the people by whom they are surrounded.

The uninstructed savage finds in the waterspout and the earthquake the most conclusive proof of the wonderful power of nature. The man of science finds it in the magnificent, but unseen, machinery by means of which the waters of the ocean are daily raised, to descend again in refreshing dews and summer showers. He finds it, too, in that insensible perspiration which carries off so nearly the whole amount of food absorbed by men and animals. Again; he sees it in the workings of the little animals, invisible to the naked eye, to whom we are indebted for the creation of islands, elaborated out of earth that has been carried from the mountains to the sea, and there deposited. Studying these facts, he is led to the conclusion, that it is in the minute and almost insensible operation of the physical laws he is to find the highest proof of the power of nature, and the largest amount of force. So, too, is it in the social world. To the uninstructed savage, the ship presents most forcibly the idea of commerce. The mere trader finds it in the transport of cargoes of cotton, wheat, or lumber; and in the making of bills of exchange for tens of thousands of dollars, or of pounds. The student of social science, on the contrary, sees it in the exercise of a power of association and combination resulting

from development of the various human faculties, and enabling each and every member of society to exchange his days, hours, and minutes for commodities and things to whose production have been applied the days, hours, and minutes of the various persons with whom he is associated. For that commerce, pence, sixpences, and shillings are required; and in them he finds willing slaves, whose operations bear to those of the ship, the same relation that is elsewhere borne by the little coral insect to the elephant.

It is by means of combination of effort that man advances in civilization. Association brings into activity all the various powers, mental and physical, of the beings of which society is composed, and individuality grows with the growth of the power of combination. That power it is which enables the many who are poor and weak, to triumph over the few who are rich and strong; and therefore it is that men become more free with every advance in wealth and population. To enable them to associate, they need an instrument by help of which the process of composition, decomposition, and recomposition of the various forces may readily be effected; so that while *all* unite to produce the effect desired, *each* may have his share of the benefits thence resulting. That instrument was furnished in those metals which stand almost alone in the fact, that, as Minerva sprang fully armed from the head of Jove, they, wherever found, come forth ready—requiring no elaboration, no alteration, to fit them for the great work for which they were intended, that of enabling men to combine their efforts for filling worthily the post at the head of creation for which they were designed. Of all the instruments at the command of man, there are none that tend in so large a degree to promote individuality on the one hand, and association on the other, as do gold and silver —properly, therefore, denominated THE PRECIOUS METALS.

LETTERS

TO

THE PRESIDENT,

ON THE

FOREIGN AND DOMESTIC POLICY

OF

THE UNION,

AND

ITS EFFECTS,

AS EXHIBITED IN THE

CONDITION OF THE PEOPLE AND THE STATE.

BY

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LETTERS

TO THE

PRESIDENT OF THE UNITED STATES.

LETTER FIRST.

Sir: — In common with a large portion of our fellow-citizens, I have looked with much anxiety for the appearance of your Message — hoping for some suggestions tending towards the relief of the community, from the accumulated evils under which it now so severely suffers. In this, however, I have been disappointed, having found therein, only the assurance, that, while the government "cannot fail deeply to sympathize" with the people in their distresses, it is wholly "without the power to extend relief" — the cause of difficulty being to be found in the vicious action of the local institutions, which are beyond the reach of any action of the central government. For more than forty years, as we are here assured, the history of the country has been one of "extravagant expansions in the business of the country, followed by ruinous contractions. At successive intervals," as you continue to say, "the best and most enterprising men have been tempted to their ruin by excessive bank loans of mere paper credit, exciting them to extravagant importations of foreign goods, wild speculations, and ruinous and demoralizing stock-gambling. When the crisis arrives, as arrive it must, the banks can extend no relief to the people. In a vain struggle to redeem their liabilities in specie, they are compelled to contract their loans and their issues; and, at last, in the hour of distress, when their assistance is most needed, they and their debtors together sink into insolvency."

For all these difficulties, we are, as you have here informed your constituents, indebted to the excess of power in the States. "The framers of the Constitution," in your opinion, having given

"to Congress the power 'to coin money and to regulate the value thereof,' and prohibited the States from coining money, emitting bills of credit, or making anything but gold and silver coin a tender in payment of debts, supposed they had protected the people against the evils of an excessive and irredeemable paper currency. They are not," in your opinion, to be held "responsible for the existing anomaly, that a government endowed with the sovereign attribute of coining money and regulating the value thereof, should have no power to prevent others from driving this coin out of the country, and filling up the channels of circulation with paper which does not represent gold and silver."

The Constitution having, in this respect, as you suppose, proved a total failure, the remedy is, as you seem to think, to be found in increasing the power of the Federal government, at the expense of those of the States. Admitting the facts to be precisely as you appear to think them, you are certainly right, and the sooner we make the change, the better will it be, not only for ourselves, but for the world at large — so frequently disturbed by revulsions consequent, as it would seem, upon the existence of our Federal system. Before, however, deciding, that the fault does really lie with the States — and, still more, before deciding to make a change in that direction, it would, as it seems to me, be well, calmly to review the past — giving the facts in the precise order of their occurrence, and thus enabling our fellow-citizens to determine for themselves, whether the difficulties you have so well described, have had their origin in the excess of central, or of local, action. Such an examination might prove, that the cause of those revulsions lay with the central government; and, if so, then, any motion in the direction you have indicated, would but augment the evils under which we suffer. Firmly believing that such would be its result, I am induced to address to you this letter — doing so, in the full confidence, that you would much rejoice in having it demonstrated, that, the cause of error *not* being found in the local action, we might safely permit the Constitution to remain untouched — leaving the local authorities to continue in the exercise of all the powers not expressly parted with, when the sovereign States united in the formation of our present Union. — It being the tendency of power to steal from the hands of the many to those of the few, "liberty," as has so well been said by one of your illustrious predecessors, "can be maintained, only at the price of eternal vigilance;" and if, by reason of failure in its exercise, we should, under your guidance, make any step in a direction adverse to freedom, it would to you, I am well assured, be cause of great and permanent regret. Without apology, therefore, it is, that I ask your attention to the following brief summary of our history, in the past half century.

From 1807 to 1815, we were, in a great degree, driven from the ocean, and forced to look homeward for our commerce —

non-intercourse laws having followed closely on the heels of an embargo, and that, in its turn, having been succeeded by a war with England. Manufactures had, of course, grown rapidly — making a market at home for all the products of the earth, and enabling the consumers and the producers to take their places by each other's side. As a consequence of this it was, that after the close of the war, there existed, throughout the country, a degree of prosperity such as had never before been known. Farmers and planters were rich, for the prices they obtained were great. Mechanics were prosperous — their services being everywhere in demand. The revenue was large, for the people could afford to pay for the products of foreign lands. The government was strong, for it was rapidly diminishing the public debt.

Less than two years later, however, the whole was changed — the duties on imports having then been much reduced, and *ad valorem* duties, to a considerable extent, substituted for those which had been specific. The consequences of this speedily exhibited themselves, in the extensive closing of manufacturing establishments — in the creation and failure of numerous banks — in the decline in price, of all the products of the farm and the plantation, and the ruin of farmers and planters — in the diminished demand for labor — in the growth of pauperism — in the export of specie — and in a growing public debt. Free trade had found the country, in 1816, in a state of high prosperity, but it left it almost ruined.

With the year 1824, there came a partial change, followed, in 1828, by a more extensive one — the central government then changing its policy from a free trade to a protective one. Here, again, the effects were speedily seen, in the revival of manufactures — in the demand for the products of the earth — in the import of specie — in an increase of the public revenue, so great as to require the emancipation of tea, coffee, and other commodities, from all contribution to the public revenue — in the final extinction of the public debt — in a general prosperity, public and private — and in a feeling, throughout the community, of strength and power, far exceeding even that which followed the return of peace, in 1815. That prosperity, however, was a quiet and tranquil one — there having been but little speculation, and, therefore, little tendency towards the creation of unnecessary banks. The few that had been created, had found their places in the Eastern States. The total number in 1830, was but 321, against 307 that had existed ten years previously; and the increase in the amount of capital, was but $3,000,000 — the $107,000,000 of 1820, being represented in 1830, by $110,000,000.

Again, however, in 1834, the system of the central government was changed—provision having been made in 1833 for the gradual passage from a protective to a merely revenue tariff, the last stage of which was to be reached in 1842. Numerous banks were now

again created; enormous foreign debts were incurred; and the result was seen, in the insolvency of the banks — the ruin of the merchants — the prostration of the farmers and planters — the drain of specie — the repudiation of States — and the bankruptcy of the treasury — the government itself being reduced to the use of inconvertible paper money, as the only means by which the machine of state could be kept in motion.

Once again, in 1842, the system of the central government was changed — a highly protective tariff having been substituted for the revenue one of 1841–2. Few, if any, banks were now created; foreign debts were now paid off; banks now resumed payment; merchants became, once again, prosperous; specie flowed in; States became again able to collect their taxes, and thereby redeem themselves from the disgrace of repudiation; and the revenue increased rapidly, while the peaceful policy of the country greatly facilitated reduction in the sums demanded from the treasury. Peaceful and quiet prosperity was the characteristic of this period — there having been no speculative movement whatsoever, and, therefore, no inducement for any extension of the number of institutions employed in money operations. At no period in the history of any country, had there existed so high a degree of confidence in the future, as was found here existing, in the year which preceded the enactment of the revenue act of August, 1846.

By that act, the system of the central government was once more changed — protection having been abandoned, and the tariff having been adjusted with reference to revenue alone. It has now been in existence eleven years — years characterized by an amount of instability and uncertainty in all commercial affairs, almost equal to that which existed in the period which embraced the embargo and non-intercourse acts, and the war which followed. Banks innumerable have been created. Prices have risen and fallen repeatedly — the changes having been great, almost beyond all previous precedent. Flour and cotton have, at times, been lower in price than had ever before been known; while, at others, they have exhibited a tendency towards rising to the point at which they had stood at the passage of the free trade act of 1816. The result is seen in the fact, that the manufacturers and the merchants are ruined — that the number of persons unemployed is great, beyond all former precedent — that the prices of all our staples are falling with great rapidity — that our ships are unemployed — that our banks have again been driven to suspension — that the revenue has failed — and that, notwithstanding the receipt of hundreds of millions of Californian gold, the government is reduced again to the necessity of using an inconvertible paper money, as the only means of keeping itself afloat.

In a state of barbarism, theories abound, and they do so, because, in default of knowledge, almost every occurrence is regarded as accidental, or is attributed to the direct interposition of some

imaginary being, good or evil, as the chance may be. With time, however — the regular succession of cause and effect coming to be understood — men, by degrees, arrive at the knowledge of the existence of *laws*, by which the movements of both men and matter are governed. What, then, is the *law*, that may be deduced from the above brief history? In reply, it may be said, that *in every case in which the central government has moved in one direction*, few banks have been created — speculation has been trivial — specie has flowed in — the credit of the banks has been maintained—manufacturers, merchants, farmers, and planters, have been prosperous — States have paid their interest — the revenue has been abundant, and the public debt has been diminished — leaving, to the succeeding policy, a people in a state of high prosperity — a community growing in power, and in the respect with which they have been regarded — and a government becoming, from day to day, more independent in its action.

On the other hand, we see that *in every case in which it has moved in an opposite direction*, the reverse effects have been produced — many banks having been created — speculation having been carried to the pitch, almost, of frenzy — specie having flowed out — the monetary institutions of the country having been, on both the last occasions, driven to suspension — manufacturers and merchants, farmers and planters, having been ruined — stay-laws having been enacted — States having repudiated their debts — revenue having declined until it has almost ceased, and the public debt having increased — leaving to the succeeding policy, a people in a state of ruin, a community declining in power and in the respect of the world, and a treasury almost bankrupt.

Such being the facts presented for consideration, on a survey of the policy of the country, for the long period of fifty years, the law to be deduced therefrom, would seem to be as follows: *Under the system which looks to bringing together the producer and the consumer, the community increases in strength, wealth, and power;* whereas, *under that, which looks to separating the consumer and producer, and is known as "free trade," it declines in all — becoming daily poorer, weaker, and more dependent.*

That being *the law*, it would seem to follow that the cause of ruin is to be found in the central government; and that it is to a modification of its action, and not to that of the local governments, we should look for remedies for existing evils. That such is certainly the case, I propose to offer further evidence in another letter — remaining meanwhile, with great respect,

Your obed't servant,

HENRY C. CAREY.

Philadelphia, December 21st, 1857.

LETTER SECOND.

To insure to the people a sound circulation, appears to you, Mr. President, to be "one of the highest and most responsible duties of government"—the one, too, requiring "the utmost possible wisdom and skill," so to adapt it to "the wants of internal trade and foreign exchanges," as to prevent fluctuations in the value of property, such as the American historian is so frequently called upon to record. "Unfortunately," however, in your estimation, "under the construction of the Federal Constitution, which has now prevailed too long to be changed, this important and delicate duty has been dissevered from the coining power, and virtually transferred to more than fourteen hundred State banks, acting independently of each other, and regulating their paper issues almost exclusively by a regard to the present interest of their stockholders."

Such being the unhappy results of our Federal system, the central government cannot, as you say, "do much to provide against a recurrence of existing evils." Utterly powerless itself for good, while surrounded by local governments all-powerful for evil, all that it can do, is, to "rely upon the patriotism and wisdom of the States for the prevention and redress of the evil. If they," as you continue, "will afford us a real specie basis for our paper circulation by increasing the denomination of bank notes, first to twenty, and afterward to fifty dollars; if they will require that the banks shall, at all times, keep on hand at least one dollar in gold and silver for every three dollars of their circulation and deposits; and if they will provide by a self-executing enactment, which nothing can arrest, that the moment they suspend they shall go into liquidation, I believe that such provisions, with a weekly publication by each bank of a statement of its condition, would go far to secure us against future suspensions of specie payments."

That efforts will be made to do these things is highly probable, but to what purpose? None, whatsoever! The records of our State legislatures, for the last twenty years, present to view a host of laws, having for their object the production of a state of things such as you here desire; and yet, on the first occasion, they are set aside, and as unhesitatingly, by the same legislative bodies, as has been the famous provision in the Charter Act of the Bank of England. Why is this?—Because the regulation of the currency, on this side of the Atlantic, has been in the hands of men, as little capable of executing that "highest and most responsible of the duties of government," as Messrs. Overton and Peel are proved to have been on the other. The provision of the English law being—

like those in our own charters — based upon a fallacy, has now been twice suspended; and suspended it must again be, whenever the time shall arrive, that its services will again be needed. So is it, and so must it continue to be, with all similar provisions in the charters of this country — as long as the action of the central government shall continue to be hostile to the establishment of a perfect currency; for there, and not with the local institutions, lies the difficulty, as you may rest assured.

Let it be supposed, however, that the States continue to pursue their own course — doing, in the future, precisely as they have done in the past — creating banks *ad libitum*, and not providing, effectively, for carrying out the plan that is here suggested. That they will not so provide, seems very evident. More than twenty years since, one of your predecessors denounced banks and bank notes, in terms as strong as those now used by you; and since that time, their denunciation has constituted an essential portion of the creed of the great democratic party — that party of which you, sir, are the representative; but, with no other effect, as yet, than that of more than quadrupling the number of banking institutions — the 328 banks of 1830 being now represented by more than 1400. — This being progress backward, with what reason can we look for such a change in the modes of thought, as would produce a movement in the direction you desire? As I think, with none. — If then, the facts be as you hold them to be — if the difficulty does really rest with the local governments — and if our only chance of remedy is to be sought in State discretion — then are we truly helpless; and then is our Federal system a total failure. — Fortunately, such is not the case. Fortunately, the difficulty does not lie with the States, as you, I am sure, will gladly be convinced, after reading the brief sketch of our banking history, that will now be made.

American banking had its origin in New England — the good sense of its people having early taught them the advantages that must result, from having places at which those who had money to lend, could readily meet those who desired to borrow — both parties being thus relieved of all necessity for the employment of middlemen, in the arrangement of their exchanges. From the close of the war, in 1783, to 1811, the average number of banks in existence, throughout the New England States, was 16; while the number of failures in all that period — embracing, as it did, the years in which, under French decrees, and British Orders in Council, the seas were swept of American ships — was only four.

Taking now a longer period, the half century from 1785 to 1835 — embracing not alone the times of piracy on the ocean, above referred to — of embargoes and non-intercourse laws — but, also, those of the war of 1812 — of the disturbed period that followed close upon the peace — and of the celebrated crisis of 1825 — we find the number of banking institutions to have averaged no less

than sixty; while the total number of failures, in the whole half century, was only twenty, or two in every five years, of a period of greater commercial disturbance than had ever before been known. Of these failures, five took place in Massachusetts; but by these the public suffered little, if any, loss. One paid all its debts. A second, it is believed, did the same. Of the third, the bills outstanding, at the date of its stoppage, were but $27,000. The remaining two certainly paid every outstanding claim, except $19,878; and it is not now certain, that even that small sum was not subsequently paid. Admitting, however, that it remained unpaid, the total loss to the people of Massachusetts, in a period of fifty years, from dealing with banks, was less than $1000 per annum, and not more than *one dollar in every million*, — or *the ten-thousandth part of one per cent.* — of the transactions whose performance had been facilitated by the existence of such institutions, and by the substitution of bank notes for a metallic currency. — Small, even, as is that proportion, it might, as I think, be much reduced — it being based upon the idea, that the operations facilitated were but forty times the amount of the capital; whereas, it might be almost safe to place them at four hundred times that amount — in which case, the proportion of loss sustained, would be only *the hundred-thousandth part of one per cent.*

I pray you now, Mr. President, to reflect upon the quantity of service rendered by banks, in collecting, guarding, and transferring property—all of this work being done, without charge of any kind; and to determine for yourself if, in any other case, so large an amount of service is rendered at so small a cost. The broker charges an eighth, or a quarter per cent., when he arranges a transfer of stocks. The wholesale dealer charges $2\frac{1}{2}$, or 5 per cent. The retailer takes 10, 15, or 20 per cent.; but the bank performs an amount of service — *whose sum is equal to the total amount of the exchanges of society, in which money is used* — charging nothing whatsoever. Sometimes, a banking institution, badly managed, falls into difficulty. So, however, is it with brokers and commission merchants. In the case of these latter, however, the loss is generally almost total; whereas, in that of the banks, the loss falls almost exclusively upon those who had done the work — the stockholders.

Seeing the facts to be as I state, I would ask you, Mr. President, to say, if you had been a resident of Massachusetts — and what is said of that State is almost equally true of all New England, in the period above referred to — would you have been pleased, whenever you had a large amount of money to receive, to find yourself compelled to carry your silver on your back, or in a wheelbarrow; or to pay a commission to have it converted into gold, in order that you might be enabled to transfer it from place to place; and to do all this, too, because it had been determined that it was the duty of "the government" to furnish a currency—

that that duty required great "wisdom and skill" — by the application of which, it had arrived at the conclusion, that shopping with bags full of dollars was far more convenient and agreeable than the performance of the same operation, with the aid of pocket-books filled with pieces of paper, by means of which this property in money could be transferred without the necessity for hauling the silver, or the gold? That you would have preferred the notes, I feel assured.

In New York, the banks, in the thirty years prior to 1837, had averaged 26 in number; and the total number of failures had been 16; or about one-half of one per cent., per annum. The losses, however, fell so almost exclusively upon the stockholders, that if we here estimate the risk of loss to the community, by reason of dealing with banks, or of using bank notes, at a single dollar in a million, it is much beyond the truth.

In Pennsylvania, the average number of banks in existence, in the same period, had been 29, and the total number of failures had been 19 — nearly all of them, in the calamitous period that followed the adoption, by the central government, of the free trade policy of 1816–18. Being an agricultural state, Pennsylvania suffered heavily from the great depression in the prices of all her products, when she lost the domestic market that had been supplied by mines and furnaces at home, and factories and furnaces in other States. From 1820 to 1837, there were but three failures, all of them trivial in amount. In that period, all the loss to the people of the State, from trading with banks, or from the use of bank notes, was not even a single dollar in a million — that having been all the price they had paid, for the vast amount of services performed by their banking institutions.

Passing thence south and west, we find, at every stage, a diminishing density of population, attended with increase of risk. South of Pennsylvania and of the Ohio river, there were, in the period ending in 1836, no less than 84 failures, while, west of that State, the number was 27. Nearly the whole of them had resulted, as had those of Pennsylvania herself, from the premature attempt to establish shops for the purchase and sale of money, in regions where all desired to buy, and none had that commodity to sell. The consequences were such as might well have been anticipated. After fruitless attempts to establish themselves in business, they stopped payment — doing thus, as would be done by an individual who had engaged in a pursuit for which the community was not prepared.

North and east of the Ohio river, the total number of failures, from the first institution of a bank, to the year 1836, was precisely 65; or, less than one-half of the failures of private bankers, in England, in the years 1821–26 — a period in which there was no extraordinary occurrence — no change from war to peace, or

from peace to war — to produce a feeling of insecurity, or to be the cause of loss.

Including all the States, north, south, east and west, the number of failures, from the date of the first bank, had been, in 1836, less by one-fourth than those of England, in the three years, 1814–16; and the amount of loss sustained by the American public in a century, had not, as I believe, been one-twentieth as great, as that of the people of England, in three short years.

Since 1836, there has been a change, the causes of which will be shown in another letter.

Yours, very respectfully,
HENRY C. CAREY.

Philadelphia, December 23d, 1857.

LETTER THIRD.

HAVING small respect for authority, General Jackson attached little value to the labors of Hamilton and Madison, commentators on the Constitution; or to those of Jay, Ellsworth, and Marshall — the men, Mr. President, to whom we owe those early decisions, which laid the foundation of our constitutional law — decisions fully acquiesced in, by all the distinguished men who had preceded him in the Presidential chair, from Washington to the younger Adams. Preferring his own construction of that instrument, he was little more than seated in the high position to which he had been called, than he commenced suggesting doubts, as to the power of the government to delegate to individuals, the power to exercise, throughout the Union, the banking privilege. In his view, *a State bank*, based upon the public revenues, and managed of course, by officers of the general government, would have been greatly to be preferred.

Centralization being now the order of the day, and Congress failing to obey his orders, we find him next, on his own motion, withdrawing the public moneys from where they had been placed by Congress — and, at his sovereign will and pleasure, dividing them among the local institutions. Next, he is found, urging the States to the creation of local banks, to replace the great institution with which he was now at war. That done, we see him next, declaring war against all banks and notes — the whole power of the central authorities being now exerted, for the coercion of the States into the prohibition of bills of the smaller denominations. Gold being now regarded as the one thing needful, it was, as we were told, to be made to "run up the Mississippi;" and, that it might do so, the standard was changed — the exchangeable value of gold, as compared with silver, having been raised to 16 to 1. Following on this, we have an order to the receivers of the revenue, to accept of nothing but the precious metals — notes of all denominations being thus discredited, that the people might be induced to make a run upon the banks. Now, for the first time in the history of the world, do we find a regularly organized government engaged in a war to the knife against credit, in all its forms; and now, for the first time in a period of peace, were the banks of the Union compelled to close their doors, against those who desired payment of their notes. Next, we find the Treasury demanding additional powers, and gently intimating that by aid of the public revenues, the domestic exchanges might be much facilitated. On one side, the Postmaster-General desires that his agents may be employed in the transmission of private funds; while, on another, the attention of Congress is spe-

cially invited to the advantage that would result from the institution of a government office, charged with the issue of paper money — thereby superseding the local institutions altogether. The war thus commenced, has since been followed up — the use of circulating paper having been repudiated by the government— vaults having been constructed, in which to store the public treasures — and the standing topic of denunciation, at conventions of towns and cities, counties and States, and of the Union itself, having been banks and paper money. The result is seen, in the fact, that gold has ceased to circulate, and that the treasury is driven to the use of inconvertible notes.

Such is the history of banking in the United States, since the peace of 1783 — a period of seventy-five years, during the first fifty of which, the power reserved by the States had been respected —and that, too, most scrupulously—by Washington, Adams, Jefferson, Madison, Monroe, and the younger Adams; whereas, since that time, there has been an unceasing effort to weaken the States, while strengthening the central power. How far the one, or the other, of the systems thus described, has tended to increase the security of persons and of property, by giving to the people that which you, Mr. President, so much desire, "a sound circulating medium," the amount of which "has been adapted with the utmost wisdom and skill" to the needs of commerce—thereby insuring that "the market value of every man's property" shall not, by reason of its fluctuation, "be increased or diminished"— and thus preventing "the incalculable evil" that might otherwise be produced—is shown in the following brief *resumé* of the above short history.

For nearly half a century—during which, banks, and their circulation, had been left, in accordance with the Constitution, under the control of the local legislatures, their number was so prudently increased, that, at its close, it was only 328. In half that time, during which the central government has undertaken to supersede the State authorities, it has grown to more than 1400.

For half a century, during which the State authorities remained undisturbed, neither the people nor the government ever failed, in time of peace, to be supplied with coin for circulation. In half that time, under the direction of the central government, both government and people have twice been driven to the use of an irredeemable paper circulation.

For half a century, the State authorities so managed the banking system, that no general suspension ever occurred, except when — *at the instance of the general government, and after having largely aided that government, in the then existing war against Great Britain* — they stopped in the autumn of 1814, and remained suspended, until the return of peace enabled them once again to resume their operations. In half that time, since the central government has assumed to supersede the local ones,

there have been two suspensions that have been general; and a third, in which were embraced, all the States that had followed the lead of the central power, in prohibiting the use of the smaller notes — *the only States that did not then suspend, having been those which had persisted in the determination to regulate their currency for themselves.* Once again, the suspension has ceased to be general; and I would now, Mr. President, ask your particular attention to the fact, that all the States, with, I believe, but one exception, that use small notes, have now resumed, while *all of those, with one exception, that have prohibited the smaller notes, remain suspended.*

Such, Mr. President, are the facts, and being such, they furnish, as I think, a reply that is most conclusive to the argument you have just presented, in favor of an extension of the central power. All of them having passed before your own eyes, all of them have been known to you, but, by reason of the unceasing demands upon your time, in the various honorable offices you have been called to fill, many of them had, doubtless, escaped your recollection. Had it been otherwise, you certainly would have hesitated, before recommending any enlargement of a central power, whose injurious influences had been so fully demonstrated.

While recognizing the authority of the States, as being beyond the reach of any direct assault, you suggest a mode, by means of which, power may now be centralized in the hands of Federal agents; and yet, the mere fact of the necessity for resorting to means so indirect, would seem to me to furnish proof conclusive of your error. It *is* within the power of Congress to establish "uniform laws on the subject of bankrupteies throughout the United States;" but, it being *not* within it to enact any law, that shall not be of general application to all the people of the Union, the enactment of such an one as that you now suggest, would certainly seem to be a direct violation of the Constitution. How far it is within the power of Congress, to pass a law that shall embrace both individuals and corporations, it is not for me to say; but, certain it is, that eminent jurists have held, and do still hold, that the States did not, when accepting the Constitution, grant to Congress any control, whatsoever, over corporations holding their existence under the local laws. That, however, Mr. President, will be a question of small importance, if I shall have succeeded in satisfying you, that all the monetary difficulties we have experienced, and which you so well describe, have had their origin in the attempt to withdraw from the States, the power reserved to them by the Constitution — in an excess of centralization, and not in any excess of localization.

We are told, however, that the quantity of gold now in the country, amounts to no less than $260,000,000; and are, therefore, urged to force it into use. It may be so, that there is that

quantity; but, if so, *where is it?* A year since, the banks had $50,000,000; and they have no more now. A year since, the sub-treasuries held $20,000,000; now, they have $6,000,000. Adding together these two sums, we have $56,000,000 — leaving $204,000,000 yet to be accounted for. Where may they be found? In use among the people they certainly are not, for the largest calculation of gold and silver *in use*, cannot exceed one dollar per head — giving $30,000,000 as the quantity usefully employed, and leaving $174,000,000 yet to be discovered. Where must they be sought? If anywhere, they are hoarded. Why are they hoarded? Because the government sets the example of hoarding the precious metals, and thus teaches the people what it is, that they themselves should do. Because, for twenty years past, the government, and its friends, have denounced banks as being insecure, and bank notes as being worthless rags. Because, in opposition to the practice of all really enlightened governments, our own has been, for the last five and twenty years, engaged in an almost unceasing war upon private credit. For these reasons it is, that the precious metals are now so extensively hoarded, and while so hoarded, as useful as an equal weight of pebble-stones would be.

How can all this gold be brought into active circulation? An answer to this question, Mr. President, may be found in one of those delightful fables, that you, in early life, must have often read. The wind and the sun differed, one day, as to which could most readily compel a traveller to lay aside his cloak. The wind commenced blowing with all his might; but the harder he blew, the tighter the cloak was held. The sun next tried his hand — darting his warmest beams upon the traveller's head. Forthwith the hold upon the cloak was loosened, and before the lapse of many moments, it was thrown aside. Here, Mr. President, is a great lesson, by the study of which the government might largely profit. For more than twenty years, your predecessors have been endeavoring to *force* the people to the use of gold — seeking to accomplish that object, by means of the annihilation of the credit of banks and individuals; but the effect, as yet, has been only that of driving it out of circulation, and into private hoards, the amount of which is, probably, immensely great. Having played the part of the wind, and failed, let it now, Mr. President, undertake that of the sun — seeking to increase the confidence of the people in one another; and the effect will speedily be seen, in the re-appearance of the gold that is now so useless. Let this be done—let the treasury smile upon the people, instead of frowning upon them—let it make common cause with the producing classes, and not with the merely consuming ones — let it cease to make war upon the powers of the States — and you will have, in your next message, the gratification of offering to your fellow-citizens a picture directly the reverse of that which you have now presented.

Our system finds its base in local, and not in central, action. The tendency of almost all the acts of the Federal government, for the last five and twenty years, having been towards the augmentation of the central power at the expense of that which is local, the injurious effects become more visible, from day to day—human progress, in whatsoever direction, being always one of constant acceleration. That such is the case, is clearly shown in the recommendations of the document now before me — leading, as they inevitably must, to the entire suppression of the power of the States, in reference to that which you, yourself, regard as one of the most important of governmental duties. A closer examination, and more careful study of the facts here given, would, as I think, have satisfied you, that it is to the centralizing tendencies of recent years, we owe the extraordinary demoralization to which your attention will next be called, by

Yours, with great respect,

HENRY C. CAREY.

Philadelphia, December 25th, 1857.

LETTER FOURTH.

STEADINESS and regularity, Mr. President, are the characteristics of advancing civilization. Instability and irregularity, those of advancing barbarism. The first are found, as you have seen, and in a degree that is quite remarkable, in the half century during which the local authorities controlled our banking operations — there having been, as has been shown, no instance of general suspension, in that long period, except in 1814, and then, at the instanee of the central government; whereas, in the five and twenty years, in which the local authorities have been, to so great an extent, superseded, the suspensions have been three in number. Need we wonder, then, that "a state of crisis may now," in the opinion of foreign journalists, be regarded as "the normal condition of the great republic of the West?" Assuredly not! It is the natural result of a centralizing policy, that at one time, urges upon the people the creation of banks, and at another, denounces such institutions as wholly unworthy of credit — of a policy that, at one moment, squanders the public property with a view to the extension of railroads, and at another, urges the passage of a special bankrupt law, with a view to secure to the central government, the exclusive control of both banks and roads.

Instability tends to increase the wealth of the few who are rich — while impoverishing the many who look to the sale of labor for the means of obtaining food for their wives, their children, and themselves. It impoverishes the active and useful members of society; but it enables the idle and the useless to accumulate fortunes, at the expense of those who make roads, build mills, and open mines, and thus increase the productive powers of laboring men. Instability has been, since the central government undertook the regulation of the currency, the essential characteristic of our policy, and hence it is:

That, notwithstanding grants of land by millions, and tens of millions, of acres, for the construction of railroads, and notwithstanding an unceasing effort to promote the carrying interest, at the expense of the producing one — railroads and canals, that have cost $1,000,000,000, have fallen to less than $400,000,000, and their proprietors are ruined.

That, the factories of the country, too, are in a state of ruin. For years, they have struggled against the tide, but now, the tide has overwhelmed them — reducing to a state of poverty, thousands of the men to whose unceasing efforts, we have owed the introduction and perfection of the most useful manufactures. Hundreds of millions have been expended upon the creation of

magnificent works, whose value might now be counted by little more than tens of millions.

That, the machine shops, too, are closed — machines not being required, when mills have ceased to work.

That, the mechanic is now, everywhere, turned adrift, to seek in scratching the soil, the means of support that his trade will not afford him — he, and his country, thus losing the use of the capital, of knowledge, he had obtained by means of a long apprenticeship.

That his daughters, too, are deprived of work, and not unfrequently, forced to make their election between starvation on the one hand, and prostitution on the other.

That, mines are closed, and miners are driven to seek employment as common laborers — leaving their wives and children to suffer for want of food.

That, hundreds of little capitalists, who had invested their all in the creation of machinery, for facilitating increase in the supply of fuel, are now in a state of ruin — the sheriff selling out their little properties, which are being purchased by the men who are already rich.

That, furnaces capable of yielding hundreds of thousands of tons of iron, are closed, and their proprietors ruined.

That, mines of ore, endless in quantity, and capable of supplying lead, iron, and copper, to the world, — mines, too, that have required vast amounts of capital for their development — are idle, while the men by whom they had been developed, are reduced to poverty.

That, rolling mills, capable of supplying half the iron required for the Union, are closed — to the utter ruin of those who own them.

That, ships, wholly unemployed, are rapidly accumulating in our ports, while the ships themselves as rapidly decline in value.

That, while the commerce of the world tends, everywhere, to seek the aid of steam, and while steamers are fast superseding sailing ships, the people of the Union find themselves obliged to depend, almost exclusively, upon the ships of other nations; and are likely, before the close of your administration, Mr. President, to find themselves without a single ocean steamer, engaged in any trade, in which foreign competition is not, by law, prohibited.

That, the trade with California, upon which we have heretofore relied for supplies of gold, has so far passed away, as to require from us little more than supplies of butter, shoes, boots, and agricultural machines — that being all the commerce now resulting, from an expenditure of labor and capital that, had they been applied at home, would have yielded at least a thousand millions a year.

That railroads and ships, mills and factories, mines and furnaces, are, thus, involved in one common ruin — the depreciation in the value of all this property, being, at the smallest calculation, $1,000,000,000.

That, the trading interest — so long the almost exclusive object of governmental favor — participates in the general ruin.

That, the owners of houses are unable to collect their rents; and that, their property declines in value, while the taxes are increased.

That the farmer finds his consumers declining in number, while his competitors are as rapidly increasing — the system of the country tending, as it long has tended, towards forcing into the work of cultivation all who thus far have found, or should have found, employment in mills, machine shops, mines, and furnaces; and that, he has now before him, should Providence favor him with liberal crops, the prospect of seeing flour at a lower price than has ever yet been known.

That the planter has before him a reduction in the home demand for his commodity, to the extent of 250,000 bales; that, almost simultaneously with this decreased demand, his crop is likely to be four times as much increased: and that, therefore, should he be favored in the seasons, he, too, is likely to see his staple reduced to a price lower than he has ever seen.*

Taking the probable reduction in the value of land, and in that of slaves, at only $1,000,000,000, and adding it to that in railroads, mills, mines, and furnaces, we obtain the sum of $2,000,000,000. Adding now, thereto, the reduction in the value of real estate, other than farming and planting land, we shall obtain a sum of not less than $2,500,000,000, as the total amount reduced; and it may be almost twice as much.

Somebody profits by all this loss. Who is it? The mortgagee, who enters upon possession — first selling out his poor debtor, whether the little farmer of the West, or the great proprietor of mills, mines, or furnaces in the East.—The usurer, who obtains one, two, three, or even five per cent. per month, until the poor borrower is ruined.—The government official, whose salaries and perquisites have been already doubled, trebled, and quadrupled, and will be now increased in value, while the working men around him suffer, if even they do not perish, for want of food.—The member of Congress, whose salary has been doubled, because of the rise in the price of food, and will so remain, now that its price has fallen. — The non-producers are thus enriched, while the men of enterprise, and the laborers, are despoiled.

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* In the four years which followed the bankruptcy of 1841, when speculation had ceased, and when all were required to work, the cotton crop was greater by a total of 2,000,000 bales, than in the four previous ones. Nine years since, the crop had reached 2,800,000 bales; and now, with favorable seasons, there exists no reason why it should not attain the quantity of 4,000,000 bales. The land is prepared for it, and the people are there to work it. The crop must largely increase, and the European demand must lessen, because, with the decline in the price of food, *of which our policy will be the cause*, the ability of European farmers to purchase cloth must decline.

Turning now to the Treasury, we find it already bankrupt, even at the commencement of this downward movement. Irredeemable paper being now to be substituted for gold and silver, the influx of foreign merchandise, and the efflux of the precious metals, will be much promoted; and thus will the way be smoothed, towards total bankruptcy, such as was witnessed in 1841 and 1842.

Such, Mr. President, being the material condition, present and prospective, of your fellow-citizens, we may now, for a moment, turn to their moral one.

Commencing with the central government and its capital, we find an amount of official corruption not exceeded in the world, outside of the Turkish Empire — the affairs of the Union, for the past few years, having been administered with a single eye to the profit of official persons and their friends, and not with reference to the interests of the people. Passing thence, to town, city, and county administrations, we find a continually growing power, on the part of the central government, to control and direct their elections, with correspondent growth of fraud and peculation.

Turning now to the commercial capital, I find its situation thus described in a journal of the day; and unfavorable as is the description, none, as I think, can deny its truth:

"There is no town in Christendom where, in proportion to the population, an equal amount of crime is annually committed. We do not go much beyond the letter of the fact, when we say that murder is a thing here of daily occurrence. Villanous and dastardly outrages are nightly perpetrated in the streets, and sometimes in the open light of day. The city is the head-quarters of the rogues, thieves and pickpockets that are scattered throughout the country, and is the main theatre of their operations. Nowhere else in this country does vice plant itself so openly, and with such impunity. Nowhere is so much countenance given to rowdy gangs, that keep quiet people in terror. Nowhere have things gone on from bad to worse so rapidly, until it is at length apparent that unless some speedy change comes over the police management in New York, and the administration of the criminal courts, a state of anarchy will ensue, or honest citizens will be driven to organize, and take the law in their own hands."

Passing outward from New York, we find a rapid growth of rowdyism and intemperance, with corresponding decline in the security of person and of property — frauds, peculations, seductions, murders, and crimes of every kind, increasing with such rapidity, as fairly to warrant the assertion in a recent Southern journal, that "the United States are fast becoming a very stench in the nostrils of mankind." *

* "It is useless to wink at the fact. Villany, in every shape, is celebrating its horrid gala-day throughout the United States. Details of murders in our

Such, Mr. President is the material and moral condition of the people, to the administration of whose affairs you have recently been called. Desiring to find its parallel, you will be led, most naturally, to look to the closing years of the free trade period, which preceded the passage of the protective tariff of 1842. Seeking its opposite, you will be led, as naturally, to look to the closing years of the protective periods, established by the tariffs of 1828 and 1842 — years, in which the country presented to view a picture of peaceful and quiet progress, such as the world had, theretofore, never seen.

The tendency towards the establishment of a sound morality, Mr. President, in every country of the world, has been in the direct ratio of the steadiness and regularity of the societary movement — the gambling tendencies of the barbaric ages then tending to disappear. That principle being admitted, I would ask you to study the action of the central government, from the day on which it assumed to control the monetary movement of the country, and satisfy yourself, as you readily may, that to its vicious course of action, and not to error in the local governments, we owe the demoralization that now exists. As a member of the old Federal party, you will, I am sure, rejoice to find this fact established. That you may do so, I would beg you to look to the urgent recommendations of 1835, for the establishment of State banks,

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cities fill the columns of the journals. One reads of butchery until the very letters in the printed columns appear bloody; of arsons, until the light of conflagration seems to throw its lurid glare throughout the apartment; of fraud, until a line of sleek, hypocritical, would-be-respectable men range themselves before us; and of crimes yet fouler and more bestial, until we tremble lest the lightnings of offended Heaven should descend from a cloudless sky, and overwhelm the earth in ruin."—*Miner's Journal.*

"Official roguery has been rampant. There are customs prevalent, established by precedent, and endorsed by long usage, which, if now done for the first time, would be deemed larceny. The eagles are gathering together to-day at the Federal capital, and the jobbing, peculation, vote-yourself-a-prize system, will soon be in full operation. Common usage has given to certain doubtful practices the stamp of legality. He would be regarded as very verdant, and exceedingly unsophisticated, who should presume to call things by their right names in Washington, or to hint that the private gentleman who had so wasteful an array of servants, as the servants of the people at Washington, would forthwith discharge the whole set without a character. The treasury, one might think, is replenished annually for the benefit of these gentlemen. That they themselves think so, is palpable.— From this centre, the idea of official honesty, in States and municipalities, seems to have taken a like latitudinarian range. The finances of some of our cities are managed in a most unaccountable manner — literally unaccountable, for no accounts are rendered. Immense sums disappear, taxation annually increases, and the deficit keeps pace with the sums assessed. The public credit is shaken, municipal evidences of debt are dishonored, necessary public works stand still, repudiation is practically attempted, and all this time enough is squandered, and disappears by peculation, to keep the treasury more than ready for the lawful demands upon it." — *North American.*

followed by indignant denunciation of both banks and notes, and by the establishment of a department in the *national* treasury, for the supervision of *local* banks, from which is issued, annually, an enormous mass of figures, arranged with the intent to deceive their readers into the belief, that those who place confidence in banks will be defrauded. Look, next, to the speculations in public lands, which *always follow the adoption of a policy tending towards the closing of our factories and furnaces*, and thus enable gamblers and speculators to accumulate fortunes, at the expense of the poor emigrants who are driven from the older States. Look, again, to the enormous changes in the value of property of every description, resulting from the three suspensions, in time of peace, that have followed the centralization of the monetary power in the hands of the Federal executive. Look, then, to the facts, that "free trade," the control of the central government over the currency, and the doctrine that "to the victors belong the spoils," had their origin at the self-same period. Further, look to the fact, that an *ad valorem* system, offering, as it does, a bounty upon the perpetration of fraud, drives the honest merchant from the business of importation. Look, I pray you, to the great fact, that, since the day on which the centralized system was adopted, the expenditures of the government have been *quintupled* — and that nearly seventy millions of dollars, *per annum*, are now, at every election, put up to the highest bidder. Look at the enormous changes in the prices of all our staples, consequent upon that exclusive dependence upon foreign markets, which it is the object of the centralized system to establish. Look at the gambling spirit, and the recklessness thereby engendered, and you will be at no loss to account for the demoralization that is in progress — a demoralization whose growth has, in the last few years, been more rapid, than in that of any country recorded in the history of the world. Having studied these things, Mr. President, you will, I think, be disposed to agree with me in opinion, that while the central government shall continue to pursue a course that, in effect, offers bounties for the perpetration of frauds and villanies, there can be no nope of change; and that, unless there be a change, the day must speedily arrive, when the people, in their distress, will be found calling upon Providence, in its mercy, to send them a dictator, and thus relieve them from the oppression of that worst of all despotisms, a centralized democracy.

Hoping, Mr. President, that, under reforms that you may institute, the State authorities may become re-instated in the possession of the powers of which they have been deprived, and that we may thus be enabled to retrieve our reputation,

I remain, very respectfully, your obed't servant,

HENRY C. CAREY.

Philadelphia, December 28th, 1857.

LETTER FIFTH.

JUNIUS tells us, Mr. President, that "the ruin or prosperity of a state depends so much upon the administration of its government, that to be acquainted with the merit of a ministry we need only observe the condition of the people. If," as he continues, "we see them obedient to the laws, prosperous in their industry, united at home and respected abroad, we may reasonably presume that their affairs are conducted by men of experience, abilities, and virtue. If, on the contrary, we see a universal spirit of distrust and dissatisfaction, a rapid decay of trade, dissensions in all parts of the empire, and a total loss of respect in the eyes of foreign powers, we may pronounce, without hesitation, that the government of that country is weak, distracted, and corrupt."

The first of the pictures here presented exhibits the state of the American Union at the close of the war in 1815; again in 1834, at the date of the repeal of the protective tariff of 1828; and again in 1847, when the act of 1842 ceased to be the law of the land. The second is found on an examination of the condition of the country, in the period from 1818 to 1824, when protection had ceased, and when the legislatures of numerous States had found themselves compelled to stay the action of the laws for the collection of debts; again in 1841–2, when "stay laws" were again resorted to, and when the Federal goverrnment was nearly bankrupt; and, lastly, at the present period, when there reigns "a universal spirit of distrust and dissatisfaction" — when there are "dissensions in every part of the empire" — and when the "respect of other powers" has so nearly ceased to have existence.

In proof that such is the case, and, that the Union is rapidly declining in the estimation of the people of other nations, I beg to offer you the following extract from a work just published, the author of which is not to be suspected of any disposition to magnify the changes he discovered: —

"It is very evident, as I converse with people here, and in other parts of Northern Europe, that a great change has come over the popular feeling towards America, since I was last on the Continent, five years ago. Then America was the ideal everywhere to free-thinking and aspiring men. The oppressed looked hopefully to it; the philosopher found the confirmation of his theories of human liberty there; the hard-working, the politically degraded, the idealists, the struggling masses, felt that the Western Republic was especially for them, and even if they could never share its privileges, they were happy that humanity had at length looked on such a glorious effort. The reports of the common

freedom, of the education of the masses, of the high morality prevailing, came over even exaggerated, and silenced the enemies of popular rights, and converted many doubtful. One felt the effect of all this, as a traveller. You were not alone; you were the representative of the best thoughts and aspirations of mankind. The warm hand grasping yours, welcomed not you, but a nation of freemen. The rich did not condemn, because property and person had been better shielded under the Republic, than under European monarchies. The poor, the laborers, were especially your friends, for was not your land the very land which elevated labor?

"All this is quite different now. You are treated politely, as a stranger; or you are welcomed more or less for what you personally are, but for your country, among the populace you get no welcome. The glory has departed.

"Within five years, various circumstances have opened the eyes of Europe to our real situation, and, as often happens, the people see nothing but our sins. We are simply now a tricky, jobbing, half-barbaric people, where the worst political corruption of the Old World extsts without its refinement; and where brutality, rowdyism, and unlimited despotism have in certain quarters free play. Our politicians and diplomats are despised; our Constitution is sneered at, as inflicting upon us the most disgraceful legislators; and the laboring class and the democrats know that within our limits, a more abominable tyranny over labor and free speech and thought exists, than the worst despotisms of the Continent ever exhibited. There is nothing now in our situation to dazzle the world. They see with clear eye our blackest sins and our miserable political jobbing." *

Such being the state of things in Northern, we may now look to Central Europe, in regard to which, I, myself, Mr. President, can speak. Go where the traveller may, he finds, among thoughtful men — among those who had hoped to find, in this western world, the realization of their brightest hopes, in regard to man's onward progress — a growing doubt in reference to our future. Anxiously do they look across the ocean — dreading to hear of new, and more alarming, riots — new civil wars — new violations of local rights — new marauding expeditions — new aggressive wars. Ten years since, all was different. They would, then, have regarded as a false prophet, the man who had predicted:

That, at the close of a single decade, the regular expenditures of the Federal government, in a time of peace, would reach seventy millions of dollars — being five times more than they had been, but thirty years before:

That the recipients of this large amount, whether contractors, clerks, or postmasters, would be held liable for the payment of a

* *Brace.*—"The Norse Folk," page 24.

formal and regular assessment, to be applied to the maintenance in office, of the men by whom they had been appointed, or those by whom the contracts had been made:

That payment of these assessments, would be made the condition upon which their own continuance in office should depend:

That, coincident with these demands upon the *employés* of the government, all salaries would be largely raised; and that, thus, the treasury should be heavily taxed for purely party purposes, and for the promotion of private interests:

That centralization would be so far perfected, as to enable the Executive to dictate to a body of officials, sixty or eighty thousand in number, all their modes of thought, in reference to questions of public interest:

That a constantly growing difficulty of obtaining — independent of the government — the means of support, and constant increase in the rewards of public service, would be attended with corresponding increase in the number of claimants for office, and in their subservience to the men at whose pleasure offices were held:

That the Executive would dictate to members of Congress what should be their course, and publicly advertise the offices that were to be given, to those whose votes should be in accordance with his desires:

That the growing mental slavery thus indicated, would be attended by corresponding growth in the belief, that "one of the chief bulwarks of our institutions," was to be found in the physical enslavement of the laborer:

That the extension of the area of human slavery would have become the primary object of the government; and that, with that view, the great Ordinance of 1787, as carried out in the Missouri Compromise, would be repealed:

That, for the promotion of this object, the treaties with the poor remnants of the native tribes would all be violated:

That, with the same end in view, wars would be made, piracy encouraged, and territories purchased:

That the Executive power would so far have grown, as to enable it to adopt measures provocative of war, with a view to the spoliation of the weaker neighbors of the Union:

That it would be officially declared that might makes right, and that, if a neighboring power refused to sell the territory whose possession was desired, the Union would then be justified in seizing it:

That the reopening of the slave trade would be publicly advocated, and that the first step towards its accomplishment would be taken by a citizen of the United States — in rescinding all the prohibitions of the Central American governments:

That the prohibition of slavery in a Central American State, would be considered sufficient reason for the rejection of a treaty:

That the substitution, throughout all the minor employments

of society, of slave labor for that of the freeman, would be publicly recommended by the Executive of a leading State:

That, while always seeking territory in the South, the rights and interests of the people would be bartered away, for the sole and exclusive purpose, of preventing annexation in the North:

That it would be declared, that the free navigation of Brazilian rivers was to be obtained, "amicably, if it could, forcibly, if it must":

That the effect would now be seen, in the entire alienation of the other communities of the Western world:

That the legislation of the country, would have fallen almost entirely under the control of navigation, railroad, and other transportation companies; and that legislators would largely participate with their managers, in the profits of enormous grants of money, and of public lands:

That there would have arisen a "third house of Congress"—composed of lobby members, and embracing men who had filled almost the highest legislative and executive offices — abundantly supplied, to use the words of Colonel Benton, "with the means required for conciliating members, and combining interests," and thus securing the passage of almost any bill, the applicants for which were willing, sufficiently liberally, to pay:

That centralization would so far have grown, as to have caused the expenditures of a single city, to almost equal those of the Federal government, but thirty years ago:

That the expenditure of city revenues, and the maintenance of public order, would be in the hands of magistrates, many of whom would be regarded as worthy only of the penitentiary:

That the contest for the distribution of those revenues, would become so fierce, as to cause the purchase of votes to an extent, and at a price, before unknown; and that elections would be carried on by means of bowie-knives, pistols, and even by aid of cannon:

That Lynch law would have found its way into the Senate chamber: that it would have superseded the provisions of the Constitution, throughout the Southern States: that it would have superseded the civil authority, in one of the States of the Union: that the right of the States to prohibit slavery within their limits, would be so seriously questioned as to warrant the belief, that the day was near at hand, when it would be totally denied: that all the decisions of the Supreme Court, for sixty years, favorable to freedom, would, by this time, have been reversed: that the doctrine of constructive treason would be adopted in Federal courts: and that the rights of the citizen would be thus in equal peril, from the extension of legal authority on one hand, and the substitution of the law of force on the other:

That polygamy and slavery would go hand in hand with each other; and that the doctrine of a plurality of wives, would be pub-

licly proclaimed by men holding highly important offices under the Federal government:

That manners, morals, or intellect, would cease to be deemed essential to the representation of the Union, at foreign courts:

That religious discord would so far have grown, that the question of the private opinions of a candidate for the presidency, in regard to matters of religious faith, would be discussed throughout the Union:

That the discord between the Northern and Southern portions of the Union would have reached the point of civil war, attended with a growing disposition, in its various portions, to look complacently upon the idea of dissolution: and, finally,

That Germany, divided and distracted as it was, before the formation of the *Zoll-Verein*, was likely to be reproduced in this Western world—the Union tending steadily towards a dissolution, the result of which would be, that the several fragments would become mere tools in the hands of other powers.

This is a gloomy picture, and yet it is a true one. Not one of these things would, a few years since, have been believed to be of possible occurrence; and yet, with the exception of this last, they are, one and all, now matters of history.

How they have tended to the production of changes in the modes of European thought, is exhibited, Mr. President, in a recent British journal, in which, after showing, that the idea of the vote by ballot, of "manhood suffrage," and of "household suffrage," had nearly passed away, the writer proceeds to say that—

"This revulsion of sentiment and opinion is in a great measure traceable to the spectacle of the American democracy. We owe a deep debt of gratitude to the United States for the pregnant lessons they have taught us, and the timely warnings they have given. * * * A few years ago the substantial, deep-seated, long-descended fabric of English liberty was in danger from the blind but honest enthusiasm of the sincere friends of popular institutions: *now*, if we succumb to that peril, we shall be wrecked with our eyes open. The tide has somewhat ebbed, and the rock is above water. Let us inquire a little more in detail what the warnings that have come to us across the Atlantic are."

The time has been, Mr. President, when you and I, and all of us, were accustomed to believe, that the great republic of the West was to be the pillar of light, guiding the oppressed of the world in their search for freedom. Widely different from this, it has, as here is shown, become *the beacon light*, whose only use is that of warning the world, against the shoals and sands, among which our ship is likely to be wrecked. Turn back, Mr. President, a little in our history—finding the pages in which are recorded the early efforts of the central power to obtain direction of the currency, and you will, as I think, find the origin of all these changes. From that day to the present one, with slight

exceptions, centralization has grown steadily; and yet, strange as it may appear in a patriot like yourself, the whole tendency of your message, is in the direction of further centralization.

The more perfect the form of the ship, the more rapid will be her passage through the water, and the more certainly and speedily will she, under proper guidance, reach her destined port. The more rapid and complete, however, will be her destruction, should her pilot run her upon the rocks that lie in her course — the reaction then produced, being in the direct ratio of her previous action. So is it with nations. The higher their organization, the more rapid is the movement of society, and the more instant is the shock that attends a stoppage in the circulation. The passage of an invading army through Peru, or Mexico, produces little effect, beyond a small destruction of life and property; but a similar event in England, would cause the closing of factories, the stoppage of mills and furnaces, the abandonment of mines, the dispersion of the people, and the suspension of all the machinery of local government. The power of recuperation exists, however, in the same degree — the recovery from the effects of war, in countries like France or England, being much more rapid than it can be, where the societary circulation is languid, and where the waste of property, or of population, can slowly, if even at all, be repaired.

In no country of the world, do the effects of change become so promptly obvious, as among ourselves; and for the reason, that — the political organization being here more natural than in any other — the tendency to rapidity of circulation is so very great. Universal instruction throughout the northern portion of the Union, tends to the production of great mental activity; and, whatever may be the direction in which the ship of State is guided, the movement towards the rocks on the one hand, or the haven on the other, is here most rapid. Such being the case, it is easy to account for the sudden and extraordinary changes, that are here exhibited, and, that so much surprise the people of other lands. In the decade that followed the passage of the tariff of 1824, there was effected a greater improvement than had ever before been witnessed in any country — the people having passed from a state of poverty to one of wealth — the country having become so attractive, as to cause, in the following years, a vast increase of immigration — and the government having passed from a condition in which it required, for its support, to borrow money, to one in which — the public debt having been extinguished — it became necessary to emancipate from duty all the commodities that did not enter into competition with those produced at home. Nevertheless, but seven years later, the people and the government, both, were bankrupt; the circulation of society had almost stopped; and pauperism, to an extent that was alarming, prevailed throughout the country. The cause of this was to be

found in the fact that protection had been abandoned. Again, in 1842, the system was changed; and, before the close of the first five years. the whole appearance of the country was changed — the circulation of society having become rapid, the credit of the people and the government having been restored, and the country having once more been rendered so attractive as to cause a large increase of immigration. Again, at the close of 1846, was the system changed — protection having been then abandoned, and free trade then again inaugurated into power; and now, at the close of the first decade, we witness a decline more rapid, and more pervading, than is recorded in the history of any country of the world.

Why it is, that such are the effects produced, will be shown in another letter, from

Yours, very respectfully,

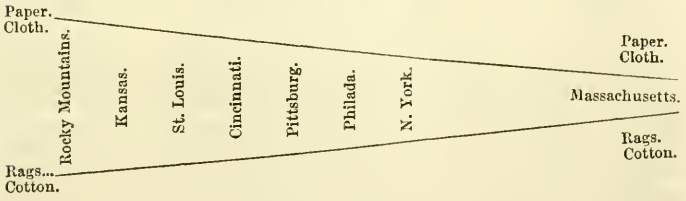
HENRY C. CAREY.

Philadelphia, December 30th, 1857.

LETTER SIXTH.

Before proceeding, Mr. President, to an examination of the manner in which the policy of the central government has tended towards producing the demoralization, that has now become so clearly manifest, I would beg to call your attention to a simple, but highly important, principle of social science, which may thus be stated:

A thousand tons of rags, at the Rocky Mountains, would not exchange for a piece of silver of the smallest conceivable size; whereas, a quire of paper would command a piece so large, that it would weigh an ounce. Passing thence eastward, and arriving in the plains of Kansas, their relative values, measured in silver, would be found to have changed so much, that the price of the rags would pay for many reams of paper. Coming to St. Louis, a further change would be experienced—rags having again risen, and paper having again fallen. Such, too, would prove to be the case, at every stage of the progress eastward — the raw material steadily gaining, and the finished commodity losing, in price, until, at length, in the heart of Massachusetts, three pounds of rags would be found to command more silver than would be needed for the purchase of a pound of paper. The changes of relation thus observed, are exhibited in the following diagram:—



The price of raw materials tends, thus, to rise, as we approach those places in which wealth most exists — those in which man is most enabled to associate with his fellow-man, for obtaining power to direct the forces of nature to his service. The prices of finished commodities, move in a direction exactly opposite — tending, always, to decline as those of raw materials advance. Both tend, thus, to approximate — the highest prices of the one, being always found in connection with the lowest of the other; and, *in the strength of the movement in that direction, is found the most conclusive evidence of advancing civilization, and growing commerce.*

The tendency towards advance in civilization being thus, Mr.

President, everywhere, in the direct ratio of the approximation of the prices of the rude products of the earth, and those of the commodities into which they are converted, the test of the value of every measure, is to be found in its tendency to produce, or to prevent, that approximation. So examined, the protection extended to shipping, would appear to have been productive of unmixed good — ships having steadily become cheaper, while ship-timber has as steadily become dearer; and the farmer having found freights declining from year to year, while a market was being made for portions of his trees, that, otherwise, would have been wholly valueless.

With regard to the products of the labor given to cultivation —that labor which, when properly directed, tends most to expand the mind and improve the heart — it has been otherwise; and because, the policy of the country has looked almost entirely to foreign trade, to the exclusion of all measures tending to the promotion of internal commerce. The prices of raw material have steadily declined; and, for the reason, that the obstacles to commerce have increased, when they should have diminished.

The average export price of flour, since the commencement of the present century, has been as follows :—

Five years ending in	Dollars.	Five years ending in	Dollars.
1805	9.05	1840	7.87
1810	7.50	1845	5.00
1815	11.60	1850	5.54
1820	9.15	Year 1850	5.00
1825	6.20	" 1851	4.77
1830	6.20	" 1852	4.24
1835	5.70		

The facts here presented, being most remarkable, are worthy, Mr. President, of your most serious attention. The highest average is found in the period from 1810 to 1815; that one, in which there was, almost literally, no intercourse with foreign countries; and that, in which the energies of the country were, more than they ever before had been, directed towards the establishment of internal commerce.* A domestic market was then rapidly being created, the extent of which may be judged from the fact, that the cotton manufacture, which, in 1805, had required but a single thousand bales, absorbed, in 1815, no less than 90,000.†

* In the last of these years, only, it was, that gold and silver coin had ceased to circulate, because of difficulties resulting from the events of the war. The stoppage took place in the autumn of 1814, and the Treasury year closes with the autumn of 1815. That, however, was one of the lowest years of the period.

† *Report of the Committee of Commerce and Manufactures*, February 13, 1816. The effect of this large domestic demand, upon the price of cotton, is shown

With the return of peace, however, the policy of the country was changed, and from the date of that change, we have an almost unbroken descent, until, in 1852, just prior to the opening of the Crimean war, it had reached the lowest point of the century; and probably the lowest recorded in the country's history — thus proving a constant increase in the obstacles standing between the man who raised the wheat, and him who had money with which to purchase it. Directly the reverse of this, is what we see to have occurred in France, where the average price of wheat for thirty-five years, ending with 1848, remained almost stationary, although somewhat higher in the closing period than in the earlier ones. So, too, with both Russia and Northern Germany, in the first of which, the price of corn, in the decade ending in 1852, was one-half higher than it had been, in that ending in 1825; while in the last, we find the average maintained with a steadiness contrasting strikingly, with the extraordinary changes occurring among ourselves, as here is shown :—

	Average of wheat in Prussia, per scheffel.*		Average of flour exported from U. S.
1816–25	$66\frac{10}{12}$ groschen	= $1.48	..... $7.57
1826–35	$55\frac{5}{12}$ "	= 1.23	..... 5.95
1836–45	$62\frac{5}{12}$ "	= 1.39	..... 6.43
1845–51	$73\frac{9}{12}$ "	= 1.63	..... 5.41
1852	$68\frac{6}{12}$ "	= 1.51	..... 4.24

In the one, the price, towards the close, is higher than in the preceding periods; while in the other, it has fallen to little more than half.

The course of events in the advancing countries of Europe — those which are following in the lead of Colbert, and of France — is, therefore, exactly the opposite of what is here observed; but if we seek a case that is exactly parallel, it will be found in studying the operations of Ireland or India, Portugal or Turkey —countries which follow in the lead of England. In all of these, the prices of raw products, and those of finished commodities, are steadily receding from each other, with constant decline in the value of land and man, and constantly augmenting difficulty in obtaining the food and clothing required for man's support. Like these United States, they are becoming from year to year more dependent upon foreign trade, and less able to maintain commerce among themselves.

Turning now, Mr. President, to the England of a century since, we find a precisely similar state of facts, and resulting, too,

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by the fact, that the average value of the cotton exports of 1815 and 1816 exceeded $24,000,000; whereas, three years later, when the domestic manufacture had almost disappeared, it sunk to $20,000,000.—*Treasury Report*, February 20, 1836.

* A *scheffel* is $1\frac{55}{100}$ bushels.

from causes precisely similar — a growing dependence on distant markets, attended with increased necessity for the use of machinery of transportation — ships and wagons, sailors and wagon-drivers. The price of wheat fell there, regularly, until, at length, it reached the very low point of 21*s.* 3*d.* per quarter, or little more than half a dollar a bushel — manufactures remaining high in price. So soon, however, as a market had been made at home, the price rose — nearly doubling in the very first decade, and further advancing to an average of 51*s.* 3*d.*; at or near which point, it remained for five-and-twenty years. Cloth and iron, during all that time, were becoming cheaper — thus presenting, in the constant approximation of prices, the most unquestionable of all the evidences of advancing civilization.

The whole quantity of food for which Great Britain then needed a foreign market was trivial to a degree — the average export in the decade ending in 1755, when the price was lowest, having been only 4,000,000 of bushels; and yet, small as it was, the necessity for going abroad to sell it, produced the whole of the effect above described. The regulating market of that day, having been the country on the Rhine — then the great seat of manufactures—the more that was sent to it, the lower was there the price, and the lower that which could be obtained at the place of production. The 4,000,000 of bushels thrown upon that market must have caused a reduction there, of not less than 10, and more probably 15, per cent.; and that reduction extended itself to *the whole British crop*, whatever was its size. So soon, however, as a market had been made at home, British corn — ceasing to go abroad — ceased to affect the prices of foreign markets; and then British prices rose to the extent we see them to have done, because of the *double saving* to the farmer from the diminution in the cost of transportation, and from the increase of prices in all the markets of Continental Europe, from which supplies might otherwise have been drawn. The amount of that saving, probably, was $100,000,000; and it was the effect of an increase in the rapidity of the societary circulation effected, in the short space of twenty years, by the very simple process of bringing the consumer to the side of the producer.

Look where we may, Mr. President, we find, that men become more civilized, as the prices of raw materials tend to rise, and to approximate more nearly to those of the finished commodities required for man's consumption. Such being the fact, and our policy tending steadily in the reverse direction, you can readily account for the daily growing tendency, among ourselves, towards centralization and slavery, with their attendant demoralization. For further facts in reference to this great question, I must, however, refer you to another letter.

Yours, with great respect,

HENRY C. CAREY.

Philadelphia, January 1*st*, 1858.

LETTER SEVENTH.

No truth in science, Mr. President, is more readily susceptible of demonstration, than that of the liability of the man who *must* go to market, for the payment of the cost of getting there. It is one, which sad experience teaches every farmer; and one, too, that the student may find demonstrated by Adam Smith. The corn that is twenty or thirty miles distant from market, sells for as many cents less, per bushel, than that which is close to market; and the potatoes that are a hundred miles from market, are almost worthless; while those raised near it, sell for thirty or forty cents a bushel — the difference between the two, being the tax of transportation.

Another and equally important truth is, that the price of the whole crop is dependent upon that which can be obtained for the little surplus that *must* go abroad; or paid, for the small quantity that *must* be brought from a distance. Give to any certain district 10,000 bushels of wheat, more than is there required, and the crop will fall to the level of the price that can be obtained abroad, for those few bushels — although constituting, perhaps, but 3 per cent. of the whole. Let the same district, in the following year, require 10,000 additional bushels, and the whole will rise to the level of the price at which they can be obtained — the difference between the two being, perhaps, as follows: —

Admitting the crop to be 300,000 bushels, and that the price, when there is neither surplus nor deficiency, is $1—the product is.	$300,000
The crop being larger, and a surplus requiring to be sent to a distance, the price will fall to 75 cents — giving for 310,000 bushels	232,500
The crop being small, and 10,000 bushels being required from a distance, the price will be $1.25—giving for 290,000 bushels.	362,500

The question here, between a high and a low price — differing to the extent of 66⅔ per cent.—is dependent, altogether, upon the existence of a demand slightly below, or above, the quantity produced. The former was the condition of the people of Great Britain, at the period referred to — the supply having been slightly in excess of the demand, and that excess compelling them to go to a distant market, with some 2 or 3 per cent. of the crop, the price received for which, fixed the price of all. They, themselves, too, were constantly aiding in the depression of prices in that market, *and the more they sent the less they obtained for it.* So long as the prices in the home market were regulated by

those in the foreign one, it would have been more profitable to them, to have thrown the surplus into the ocean than to have sold it.

Identical with this, is now the condition of the American farmer; and therefore it is, that while the price of food — the raw material of labor — is steadily rising in France, Denmark, Germany, Spain, and Russia, it here as steadily declines. Similar, too, is their condition in this, that the whole quantity for which a foreign market *must* be found, is so small that, were it altogether wasted, the loss would be unfelt. Its waste, indeed, would be productive of great advantage to the farmer; for, so long as all domestic prices are fixed by foreign markets, the effect of this trivial export, in crushing the foreign farmers, by a reduction of their prices, is accompanied by corresponding reduction of the domestic ones — the loss thence arising, extending itself to the whole of the food produced.

The total amount of food of all descriptions, exported from the United States, and the prices of flour at the corresponding dates, have been as follows: —

Period.	Average export.	Price of flour.
1821–15	$13,000,000	$6.20
1826–30	12,000,000	6.20
1831–35	14,000,000	5.95
1830–40	12,500,000	8.00*
1841–45	16,000,000	5.16
1846–50	39,000,000 (Irish famine)	5.44
1850	26,000,000	5.00
1851	22,000,000	4.73
1852	26,000,000	4.24

We have, here, a constantly growing necessity for resorting to a distant market, accompanied by a decline of prices amounting to 35 per cent.; but, if we compare 1850–52 with the period from 1810 to 1815, when the home consumption was equal to the whole supply, the reduction is no less than 63 per cent. Admitting, how-

* The facts of the last three years correspond precisely with those which occurred in the period from 1836 to 1840, when the price of flour, for the moment, ranged so high, preparatory to the great fall that was so soon after to take place. Then, as now, mills and furnaces had ceased to be built. Then, as now, emigration to the West was immense, and the combined force of the nation was being given to the creation of new machinery for producing food. Then, as now, production diminished, while consumption was maintained — the deficiency being made up by the contraction of debts to Europe, for an immense amount of cloths and silks, the power to pay for which had no existence. Then, as recently, there was great apparent prosperity, as preparation for the universal bankruptcy of 1841–2. The preparation now being made is similar in all its parts; and as the causes are the same, we may be assured that the effects will not be different.

ever, that the prices of 1821–25 would be the standard, in the event of the creation of a domestic market, that would relieve the farmer from the necessity for going abroad, we obtain the result, that the same crops which now sell for $1,500,000,000 would then command $2,200,000,000 — making a difference of $700,000,000, which may be regarded as the actual price paid by the agricultural body, for the privilege of almost giving away food, to the extent of $26,000,000.

The prices above given, are those of the ports of shipment, always greatly higher than those of the places of production. Were we now to add the saving of inland transportation, that would be consequent upon the creation of local markets, the difference would reach $1,000,000,000; and this, too, when taking as the standard the prices of 1821–25, embracing years of almost universal distress throughout America and Europe. Were we to take the average of 1816–25 — $7.67 — it would reach $1,500,000,000. The average of all France for every decade of the last forty years, has exceeded 18 francs for the hectolitre of wheat — being the equivalent of $1.25 per bushel; and the later periods are the highest of all; whereas, they are here the lowest. The French average of the six years ending in 1852, for all France, must have been 50 per cent. greater than the average of those years for the whole of this country; and yet, all that was required for bringing prices here to a level with those abroad, was the creation of a market for food to the extent of $26,000,000 — *being less than 2 per cent. of the total product.* To those who doubt this, it can be necessary only to say, that the differences here stated as likely to occur, correspond exactly with those that did occur in England, in the period between 1750 and 1770. Commerce then growing, and the circulation becoming rapid, the dependence on the trader diminished — every stage of that diminution being marked by an increase in the value of labor and land. Here, on the contrary, the dependence on the trader steadily increases — every stage of its increase being marked by a decline in the price of food, by which the price of land and labor must ultimately be regulated.

It may, however, Mr. President, be said, that the food consumers would suffer by such a course of operation. Directly the reverse of this, however, has been the case in all other countries; and so would it be with us. At no period of England's history, have the evidences of growing civilization, as furnished by the approximation of the prices of raw materials and finished products, been so great, as in the five-and-thirty years preceding the opening of the wars of the French Revolution; and at none, has the condition of the people so much improved. Circulation became from year to year more rapid. Labor was from year to year more economized; and as the power of accumulation is

wholly dependent upon such economy, it followed, necessarily, that wealth most rapily augmented. Land and man, in that period, almost doubled in value; and all because of the relief from the tax of transportation, resulting from the growth of commerce. So, too, in France. At no period in the last two centuries, has corn been so low in price as in the days of Louis XV.; and yet, at none, have the people so much suffered from the want of food. Commerce then had scarcely an existence. Since then, the price has rapidly increased — enabling the farmer to gain on both hands: first, by obtaining more money for his corn; and, second, by obtaining more cloth for his money. Farm wages rise; and with that rise, there is, necessarily, a constant augmentation of wages in every other pursuit — it being only by tempting the people of the country, to come to the towns, that factories can obtain supplies of labor. Desiring, then, to ameliorate the condition of man, we must begin with the laborer on the land — his wages being the standard by which all others are to be compared; and that by which they are regulated. The more close the approximation of the prices of raw materials and finished commodities, the higher will be the wages, and the greater the tendency towards civilization.

As it was in England, and as it is now in France, so would it be among ourselves. The work of making a market for the food that is now exported, would make a demand for muscular and mental force — enabling each and every man to sell his services, and to purchase those of the people around him. Labor being in demand, its price would rise; and the more rapid the rise, the more it would be economized; the greater would be the power of accumulation; the more abundant would become the machinery required for enabling him to call the forces of nature to his aid; the larger would be the proportion of the mental and physical force of the community given to developing the treasures of the earth; and the larger would be the reward of labor, in food and clothing. Commerce would then grow rapidly, but the power of the foreign trader would, then, as much decline — precisely as we see to have been the case in both France and England, at the periods above referred to.

The proposition, that civilization grows in the direct ratio of the removal of obstacles standing between the producer and the consumer, and the consequent approximation of the prices of the products of the earth in their rude and finished forms, is a great and universal law, to which no exception can be found. Being so, it follows, necessarily, that raw materials *should* rise in price as finished commodities are cheapened; that civilization *should* advance with the advance in the price of those materials; and that that civilization *should* exhibit itself in the form of increased power of combination, increased development of individuality, in-

creased sense of responsibility, and increased power of progress. Thus far, the policy of the Union, as we have seen, has tended in an opposite direction—towards lessening steadily the price of food; and as such progress tends inevitably towards barbarism, it is here we find the fundamental cause of the extraordinary demoralization, now so rapidly in progress. — In another letter, Mr. President, I propose to show, that the facts in regard to the great staple of the South are precisely the same as those above described.

Yours, very respectfully,

HENRY C. CAREY.

Philadelphia, January 4th, 1858.

LETTER EIGHTH.

TURNING now southward, Mr. President, we may look to our other great staple, COTTON, with a view to see if the course of operation has been the same. That it has been so, you may readily be satisfied.

The crop of 1814 was estimated at 70,000,000 of pounds, of which more than 8,000,000 were converted into cloth in the country within thirty miles of Providence — the total domestic consumption having amounted to 90,000 bales, or nearly 30,000,000 of pounds. In the seven years following, the crop rose successively to 106,000,000, 124,000,000, 130,000,000, 125,000,000, 167,000,000, and 160,000,000; but the home manufacture as steadily declined — producing a constantly increasing necessity for pressing upon the foreign market, with results such as are here exhibited:

Export 1815 and 1816	average	80,000,000	total price $20,500,000
" 1821 and 1822	"	134,000,000	" " 21,500,000
" 1827 to 1829	"	256,000,000	" " 26,000,000

The quantity, as we see, had more than trebled, while the receipt therefor, had increased but little more than 25 per cent. The prices here given, being those of the shipping ports, and the quantity to be transported having so much increased, and having required so great an extension of cultivation, it is, I think, reasonable to assume, that the planter in those years gave 256,000,000 of pounds — receiving, in exchange, no larger amount of money than, six years previously, he had received for less than a third of that quantity.

1830 to 1832	average, pounds,	280,000,000	$28,000,000
1840 to 1842	" "	619,000,000	55,000,000
1843 to 1845	" "	719,000,000	51,000,000

We have, here, an addition to the quantity of 1815–16, amounting to no less than 630,000,000 of pounds, and requiring nine times the amount of inland transportation — even admitting that the area of cultivation had remained the same. We know, however, that, in that period, it had quadrupled, and must have required fifteen, if not even twenty times as large a force of men, horses, and wagons, to do the work. Allowing for this, Mr. President, you will readily see that the planter must, in these years, have been giving 700,000,000 of pounds, for less than twice the quantity of money that, thirty years before, he had received for 80,000,000.

1849 ..... pounds, 1,026,000,000 ..... $66,000,000.

Here we have nearly 940,000,000 to be transported, additional

to those of 1815–16; and from an area of cultivation that, because of the unceasing exhaustion of the soil, had been again enormously extended.* Such being the case, it may well be doubted, if the actual quantity of money, or money's worth, that reached the planter, in exchange for these 1,034,000,000, was much more than twice as great as that his predecessors had received for 80,000,000. Making the smallest allowance for additional transportation, he was here giving three pounds, for the same money that before had been received for one.

1850–1851 ..... average, pounds, 781,000,000 ..... $92,000,000

The great fact is here presented, that the less cotton the planter sends to the foreign market, the more money he receives. In this case, there is a saving of internal transportation, as compared with 1849, upon 245,000,000 pounds, and an increase of gross receipt, amounting to $26,000,000. Allowing for the additional freight, as compared with 1821, the producer was now not giving more than two pounds, for the price received before for one.

1852 ..... pounds, 1,093,000,000 ..... $88,000,000.

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* The following paragraph is from a speech of a distinguished citizen of Alabama, and exhibits the action of the system in a State that but forty years since had no existence: —

"I can show you, with sorrow, in the older portions of Alabama, and in my native county of Madison, the sad memorials of the artless and exhausting culture of cotton. Our small planters, after taking the cream off their lands, unable to restore them by rest, manures, or otherwise, are going further West and South in search of other virgin lands, which they may and will despoil and impoverish in like manner. Our wealthier planters, with greater means, and no more skill, are buying out their poorer neighbors, extending their plantations, and adding to their slave force. The wealthy few, who are able to live on smaller profits, and to give their blasted fields some rest, are thus pushing off the many who are merely independent. Of the twenty millions of dollars annually realized from the sales of the cotton crop of Alabama, nearly all, not expended in supporting the producers, is re-invested in land and negroes. Thus, the white population has decreased, and the slave increased almost *pari passu*, in several counties of our State. In 1825, Madison County cast about 3000 votes; now, she cannot cast exceeding 2300. In traversing that county, one will discover numerous farm-houses, once the abode of industrious and intelligent freemen, now occupied by slaves — or tenantless, deserted, and dilapidated; he will observe fields, once fertile, now unfenced, abandoned, and covered with those evil harbingers, foxtail and broomsedge; he will see the moss growing on the mouldering walls of once thrifty villages, and will find 'one only master grasps the whole domain' that once furnished happy homes for a dozen white families. Indeed, a country in its infancy, where, fifty years ago, scarce a forest tree had been felled by the axe of the pioneer, is already exhibiting the painful signs of senility and decay apparent in Virginia and the Carolinas."—*C. C. Clay.*

Here is an increase, in the quantity requiring to be transported amounting to more than 300,000,000 pounds, accompanied by a diminution of gross receipt, amounting to $4,000,000; and a diminution of net receipt, that cannot be estimated at less than $10,000,000. As compared with 1815–16, the planter must, here, have been giving five pounds, for the price he before had received for one.

The course of things, above described, is without a parallel in the history of the world. In the natural order of affairs, the cultivator profits by improvements in the machinery of conversion, his products rising in their prices, as the finished commodities fall — rags becoming dearer, as paper becomes cheaper — and wool going up, as cloth goes down. Here, however, all is different. In the forty years above referred to, each and every one has brought with it some improvement in the modes of converting cotton into cloth, until at length the labor of a single person is more productive than that of four or five had been before; and yet, so far are those improvements from having been attended with any increase of price, that we find the planters giving steadily more and more cotton for less money — and thus affording the most conclusive proof of a tendency towards barbarism.

The cause of all this being, as we are told, that too much cotton is produced, the planters hold meetings with a view to reduction in the quantity; and yet, from year to year, the crop grows larger; the area, over which it requires to be grown, becomes more and more extended; and the net proceeds decline in the proportion they bear to the population of the States in which it is produced. In 1815, that population amounted to 2,250,000, whereas, in 1850, it exceeded 6,000,000. In the first, the gross proceeds of 80,000,000 pounds were $20,500,000; whereas, in 1849, 1,026,000,000, with all the vast increase of freight, were given for $66,000,000; and the total gross proceeds of the crop could but little have exceeded $80,000,000. Struggle as the planters may, the case is still the same — they being required to give, from year to year, more cotton for less money; and that, too in defiance of a great natural law, in virtue of which, they should have more money for less cotton.

We are thus, Mr. President, presented with the remarkable fact, that the two chief products of the Union are steadily declining in their power to command money in exchange; and that, so far are the farmer and planter from dividing with the consumer of their products, the advantages resulting from improved machinery of transportation and conversion, that the latter gets it all, *and more* — the former obtaining less money, the more produce he has to sell.

It is asserted, however, that all this is in strict accordance with some great law, in virtue of which every thing tends to become cheaper; but a brief examination of the general movement of

prices will probably satisfy you that the only law with which it is in accordance, is that human one, *denounced by Adam Smith* — having for its object the cheapening of the raw products of the earth, the establishment of the supremacy of trade, and the reduction of man to the condition of a mere instrument to be used by the trader; or, in other words, to that of a slave.

In England, the price of sheep's wool has doubled in the last eighty years; and that, too, notwithstanding the extraordinary extent to which cotton, in that period, has been substituted for wool. Had there been any commodity whatsoever, by which the theory of reduction of prices could have been supported, this would certainly have been the one; and yet, the facts are directly opposed thereto. In France, too, wool has greatly risen. In Germany, it is now so much higher than it was thirty years since, that that country has become a great importer, where, formerly, it was a large exporter of this commodity. — Looking next to silk, we find the following remarkable illustration of the great law that lies at the foundation of all human progress. In the Report on the Commerce and Navigation of France, we have the official value, established about thirty years since, of all the commodities exported and imported, side by side with their actual value, and are thus enabled to study the changes that are now going on, and measure their extent. How great they are, and how precisely they move in the direction that has been indicated, is shown in the fact, that while sewing-silks have fallen from 95 to 53 francs per pound, cocoons have risen from 3 to 14 francs.

Turning now to Mr. Tooke's valuable table of prices, in the period from 1782 to 1838, and taking the first and last decades thereof, we obtain the following results: —

	1782 to 1791.				1829 to 1838.		
Bristles.....per cwt.	£6	11*s.*	00*d.*	.....	£15	12*s.*	00*d.*
Flax.....per 9 head	1	7	00	.....	2	3	10
Oil.....per ton	40	00	00	.....	48	00	00
Butter.....per cwt.	2	10	10	.....	3	16	00
Irish mess-beef...per tierce	3	10	10	.....	4	18	00
Tallow.....per cwt.	2	1	00	.....	1	19	6
Timber, fir.....per load	2	4	00	.....	2	8	00
Whalebone.....per ton	150	00	90	.....	215	00	00

In all these cases, the producer was profiting by the increased facilities of transportation and conversion—obtaining larger prices for all he had to sell, with constant increase in his power to improve his own machinery, and thus augment the quantity produced; whereas, in those of flour and cotton, he is seen to have been receiving smaller prices, with constant diminution of quantity, resulting, as will be shown, from the constant exportation of the elements of which flour and cotton are composed.

We are told, however, that in the case of cotton, decline of price is the necessary consequence of a growth in the supply exceeding the wants of the world; and therefore it is, that the planters hold meetings, for the purpose of devising measures tending to the limitation of the quantity to be grown. In so doing, however, they are only repeating the operation performed at an earlier period in Virginia, in reference to tobacco; and thus it is, that like causes produce like effects. The real difficulty, Mr. President, is now, as it then was, to be found in the total absence of diversification of employments — producing a necessity for unceasing waste of labor, and unceasing exhaustion of the soil, accompanied by a destruction of the value of the land, and of the man by whom it is cultivated. That such is certainly the case, Mr. President, I propose to furnish further evidence, in another letter, remaining meanwhile,

Very respectfully,

Yours,

HENRY C. CAREY.

Philadelphia, January 6th, 1858.

LETTER NINTH.

The reduction in the price of flour, and of cotton, is *not*, as you, Mr. President, have seen, in accordance with any general law. On the contrary, it is in direct opposition to a great law whose existence is everywhere manifest. Neither is the reduction in the price of cotton a consequence of any excess in the quantity produced, as you will be satisfied when you reflect, that the total quantity produced in the world does not equal two pounds per head; whereas, the quantity that should be used, cannot be limited to ten, or even twenty, pounds per head. Such being the case, the difficulty, it is clear, does not lie in the excess of production, but in the deficiency of consumption. Could the cause of this deficiency be discovered, and a remedy be applied, the planter might go on increasing his quantity from year to year — the price of his cotton steadily rising, and that of cloth as steadily falling, precisely as we see to be the case with rags and paper, cocoons and silks, sheep's wool and cloth, flax and linen.

The larger the price of corn, the greater must be the power of the farmer to purchase cloth, and the greater the quantity of money obtainable by the planter in return for any given quantity of cotton. The tendency of American policy, however, is towards reducing the price of corn throughout the world; and, as a necessary consequence, towards destroying the power of the people of France and Germany, Russia and Austria, England and Ireland, to purchase cloth. That such is the case, will be obvious to you, Mr. President, when you shall have reflected, for a moment, upon the effect that is now so obviously produced, by an increase in our export; and upon that which would be produced, were it possible at once to say, that no more food would go from America to any country of the world — we having followed the advice of Adam Smith, when he advised that tons of food should be combined with wool, so as to enable both to travel cheaply to distant lands. Such a measure would, at once, relieve the European market from the pressure by which it is now kept down, and the price of English and Irish food would rapidly advance — affording inducement to the extension of cultivation, and making demand for labor, with large increase of wages, and consequent increase in the power to purchase cloth. German food and German land would rise, and so would those of France and Russia, Austria and Spain. Agriculture thus receiving a new impetus, agricultural labor would rise in price — rendering indispensable an increase in the wages of factory labor. What is needed throughout the world is, rapidity of circulation, making demand for labor and its products. Centralization is opposed to this — producing

stagnation everywhere, and compelling the planters of the world to give a constantly increasing quantity of their commodities — sugar and cotton — for a constantly diminishing quantity of money. Nearly all the countries of Europe having followed in the lead of France, in the effort to produce decentralization, the effect is seen, in the rise that has there taken place, in the prices of food and wool.

Such would be the effect, among ourselves, of the adoption of the policy that, there, has been productive of such results. The measures required for making a domestic market for food — thus relieving the farmers of Europe from American competition — would produce rapid circulation of labor and commodities, and the American farmer would soon obtain as much for his corn, as is paid in France or England. The rise in the price of agricultural labor would be followed by rise in that which was otherwise employed. Labor becoming from day to day more productive, at the close of a few brief years, the domestic consumption of cotton would be thrice as great as now, with corresponding diminution in the quantity pressing on the market of Europe—enabling the planter to obtain for large crops a higher price, per pound, than he now receives for small ones.

Adam Smith denounced the British system of his time, because of its being based upon the idea of cheapening all the raw materials of manufacture — labor and the products of the land. The system of the present day looks to the production of the same results; and therefore is it, that, in accordance with the ideas of Dr. Smith, it has been resisted by all the civilized nations of the world — America alone excepted. In all of them, consequently, raw produce is rising in price, while here, alone, is found a civilized community, in which the produce of the land has steadily, during half a century, declined in price — the farming and planting interests having been most consistent, in the pursuit of a policy tending to diminish the quantity of money to be received, in exchange for a bale of cotton, or a barrel of flour.

The evidences of growing civilization, Mr. President, are to be sought in two directions: first, in the rise in the prices of the raw products of the earth; and, second, in the decline in those of the manufactured commodities required for human purposes. So far as regards the first, that evidence has not been here obtained — both flour and cotton having steadily fallen in price, to the great disadvantage of those by whom they are produced. The manufactured commodity that, more than any other, is required by the farmer and the planter, is IRON, and we may now turn to it, with a view to ascertain if we can find in that direction, the evidence of growing civilization with which, thus far, we have failed to meet. Doing so, we ascertain that, in 1821 and 1822, the average price of bars at Glasgow, was £10 14*s.*, or $51.36, a ton, at which rate the 100,000,000 of pounds of cotton then shipped would have

paid for, at that port, about 450,000 tons — leaving $3,500,000 to defray the inland expenses of sending the cotton to the port of shipment. Turning now to the four years ending in 1855, we find that the average price of bars has been $38.50 per ton, and that the quantity of cotton that has been shipped, has averaged 1,050,000,000 pounds, producing at the port of shipment an average of $94,500,000 — deducting from which, the inland expenses, the planters might have received, probably, $80,000,000, with which they could have purchased about 2,100,000 tons — thus giving ten pounds for a smaller quantity of iron, than, before, they could have had for five.

The price of flour, prior to the opening of the Crimean war, was lower, as, Mr. President, you have seen, than it had been for half a century; and less, by nearly one-half, than it had been in the period from 1815 to 1825. In that period, the price of bar iron in Liverpool averaged about £10; or but little more than that of the past four years — the fluctuations in these latter having been between £7 10*s.* and £9 12*s.* 6*d.* The raw materials of labor — food and cotton — not only do not approximate towards iron, but become more widely separated from year to year.

Still more strongly is this the case, when we compare the prices of food and cotton, with those of other metals. The raw materials, iron and lead, have fallen in actual price, but copper and tin have both advanced, as will be seen by the following figures, derived from the work of Mr. Tooke, before referred to: —

		1782 to 1791.				1829 to 1838.		
Copper	per cwt.	£4	1*s.*	2*d*	£4	8*s.*	7*d.*
Tin	per cwt.	4	1	3	4	4	10
Lead	per 19¼ cwt.	19	3	0	18	3	00

Turning next to the year 1852, at which time flour had fallen to little more than a third of the price at which it sold in the period from 1810 to 1815, we find that the average prices had still further advanced — copper having been £4 18*s.* — tin, £4 7*s.* — and lead, £17.

The whole value of these metals, is in the labor given to their extraction. That labor is the product of food and clothing — of corn and wool. The foreign raw materials, of which British labor is composed, are perpetually falling in price, while highly important commodities, received by the foreign producers in exchange, as regularly rise; and that being the direct road towards centralization, barbarism, and slavery, we may now readily understand the causes of the existence of the extraordinary demoralization now in progress among ourselves. The road to freedom and civilization, lies in a direction precisely the opposite of that which, thus far, has been pursued. That road is, under the lead of France, being travelled by all the advancing nations of Europe, and hence the improvement that becomes from day to

day more manifest in the growing harmony of all the various interests of which society is composed. The contrary road is, under the guidance of England, travelled by Ireland and India, Portugal and Turkey, as well as these United States; and hence it is, that in all of them we see an increasing centralization and a constantly growing discord. Hence, too, it is, that in the land whence issued the Declaration that all men were born equal, it is now openly declared that "free society has proved an utter failure," and that bondage is the natural condition of the man who labors, be he white or black.

The history of the Union, Mr. President, is an enigma — our words having been those of civilization and freedom, while our tendencies, with only occasional intervals, have been in the direction of slavery and barbarism. That such has been the case, was obvious to yourself, when you told your fellow-citizens, in your recent message, that, "for more than forty years, the history of the country has been one of extravagant expansions in the business of the country, followed by ruinous contractions. At successive intervals," as you continued, "the best and most enterprising men have been tempted to their ruin by excessive bank loans of mere paper credit, exciting them to extravagant importations of foreign goods, wild speculations, and ruinous and demoralizing stock-gambling."

That such, Mr. President, have been the facts, cannot well be questioned. "At successive intervals," we have abandoned the policy whose admirable effects in reducing the cost of transportation, and thus diminishing the taxation of the farmer and the planter, were so well illustrated by Adam Smith, when he showed how cheaply the cotton and the wool could be carried to the remotest parts of the earth, after having been combined in the form of a piece of cloth; and, *in each and every one of those periods*, we have seen precisely the phenomena you so well describe. Numerous banks having, then, been created, we have had "extravagant expansions," followed by "ruinous contractions." Enormous importations of foreign goods have been followed by the wildest speculations, and by the most "ruinous and demoralizing" gambling in stocks and public lands. At other intervals, all this has disappeared—the societary movement having become so quiet and tranquil, that successive years have passed without the slightest speculation. Inquiring, now, what have been those years, we find them to have been *those in which the policy of the country* — being in accordance with the ideas of Adam Smith — *tended towards relieving the planter and the farmer from the tax of transportation.*

Such, Mr. President, having been the uniform results of change in the policy of the central government, the solution of the enigma may, as it appears to me, be found by any one who will carefully study the following simple proposition: Barbarism grows in the

ratio of the export of the rude products of the land, and consequent exhaustion of the soil. Civilization grows in the ratio of the ability to diminish the bulk of the products of the plantation and of the farm, and to restore to the soil the refuse of its products — thus augmenting the productive power of the land, and enabling more and more people to live together. — In which of these directions we are to move, is dependent, Mr. President, upon the central government, and not upon the local ones, as you have seemed to think. Such being the case, it must be to modification in the action of the former, we must look for a diminution of these barbaric tendencies, to whose existence you have so properly called the attention of your constituents. That modification once obtained, each successive day will tend to add to our admiration of the men who, when employed in making the Constitution, so wisely left to the States the regulation of their local institutions, whether engaged in converting wool and food into cloth, or in aiding the exchanges of those who desired to borrow money, with those who had money to lend.

Trusting that you will become convinced of this, I remain, Mr. President,

Yours, very respectfully,

HENRY C. CAREY.

Philadelphia, January 8th, 1858.

LETTER TENTH.

Civilization, Mr. President — growing with the growth of wealth — is indicated by improvement in the condition of man. Our condition, natural, moral, and political, having much deteriorated within the last few years, it is needed that we seek the causes of the change, which *must* be found in diminution of our wealth.

Wealth, Mr. President, consists in the power to control and direct the forces of nature — resulting, first, from the possession of the necessary machinery, and next, from the possession of the knowledge how to guide it. The coal that is mined by a single man, is capable of doing as much work, as could be done by thousands of human arms. The power of steam employed in Great Britain, is estimated as being equal to the united forces of 600,000,000 of men; and yet, the total number of persons employed in the coal-mines of that country, is but 120,000, two-thirds of whom must be engaged in furnishing fuel for the smelting of ore, for the rolling of iron, and for household and other purposes. The entire population of the island, in 1851 was under 21,000,000, each one of whom, were the power thus acquired equally divided, would have the equivalent of nearly thirty willing slaves employed in doing his work — slaves, too, requiring neither food, clothing, nor lodging, in return for the service thus performed. Admitting that even so large a number as 60,000, were employed in the extraction of the fuel by which this power is supplied, it would give but 1 in 350 of the population, and less than 1 in 200 of those who are capable of doing a full day's work. Such being the case, we obtain the remarkable result that, by means of combination of action, less than one-half of one per cent. of the adult population, is enabled to furnish fifty times more power than could be supplied by the whole number, were each man laboring by himself.

To enable this fuel to do the work, it is, however, required, that man should play the part of engineer — substituting mental power for the physical force, that would otherwise be required. The engineer must have his engine, and for the production of engines there is needed a portion of the labor that, by their use, is to be economized. How small, however, is the proportion thus required, is seen from the fact, that the whole number of steam-boiler makers in Great Britain, in 1841, was but 3479; and, as the total number of persons engaged in making steam-engines cannot be ten times greater, we thus obtain less than 35,000 as being so employed. Adding now together the miners and engine-makers, we obtain less than 100,000 as the total human force given to the development of a

natural one equal to 600,000,000 — the physical force of each being, thus, by means of association and combination, multiplied no less than *six thousand times.*

Of all the communities of the world, there is none, Mr. President, at whose command has been placed an amount of power, at all to be compared with that of our Union — the quantity of fuel within their reach being, practically, as unlimited as is the air we breathe. It underlies a large portion of Pennsylvania, Maryland, Virginia, and North Carolina, while, throughout the regions of the West, it so much abounds as, in a great majority of cases, to be wholly valueless. So, too, with the material of which steam-engines are composed — iron ore — the supplies of which are boundless in extent, and waiting only for the moment when we shall determine to appropriate them to our use, and thus acquire wealth. To what extent it might be so acquired, is shown by the fact, that a single hundred thousand men, in Britain, furnish power, equal to *more than sixty times the mere muscular force of the whole adult male population of the Union.**

To produce, among ourselves, the same effect, it is required, only, that we adopt the same measures that have there resulted in such a wonderful increase of force; and thus do we arrive at the great fact, that by means of the proper direction of the labors of the one-hundredth part of the adult population of the Union, the power, or wealth, of the whole, might, in a brief period, be twenty times increased — each and every person, were the whole equally divided, being thus supplied with twenty slaves employed in furnishing fuel and food, clothing and lodging, while consuming no part, whatsoever, of the products of their labor.

The treasures of nature are boundless in extent, the earth being a great reservoir of wealth and power — requiring for their full development only the carrying into full effect the idea expressed by the magic word, ASSOCIATION. That such is the fact, is seen in every case in which, because of local circumstances, our people find themselves enabled to combine their efforts for the

* The question may, with great propriety, be asked — "If power really is wealth, why is it that the people of England, with such a wonderful amount of wealth at command, are so poor as to have given rise to the idea of over-population?" The answer is, that all this power is being wasted in the effort to prevent the other communities of the world, from acquiring similar power, or wealth. While laboring to cheapen the labor and raw materials of the exterior world, she is enslaving the people of all countries subject to her influence, and thus producing the enslavement of her own. The harmony of interests being everywhere perfect, therefore it is, that every measure tending to deprive the Hindoo of the power to sell his labor, tends equally to lessen the ability of the British laborer to obtain food for his family and himself. Action and re-action are equal and opposite — the ball which stops the motion of another ball, being stopped itself. This is a great physical law, whose truth is obvious throughout the whole range of social science. Common sense, common honesty, and sound policy, look always in the same direction.

accomplishment of some common object. Combination of action furnishes to every resident of New York, Philadelphia, or Boston, a slave employed in supplying him with water, or with light, at a cost so trivial as to be utterly insignificant, when compared with what it would be, were he obliged to live and labor alone, as did the emigrants of the days of William Penn. Combined effort enables us to pass from the shores of the Atlantic, to the banks of the Mississippi, in fewer hours, and at less expense, than but a few years since, were required for going from New York to Washington. To such effort it is due, that every child is supplied with instruction, such as would be wholly unattainable by the solitary settler. Combination of effort furnishes Bibles at a price so small, as to place them within the reach of the poorest person in the Union; and it supplies, for two cents, a better newspaper than could, but a few years since, have been purchased at any price. To combination it is due, that the man of New Orleans can communicate on the instant with his friend in Philadelphia — thus annihilating both time and space.

Look where we may, Mr. President, we find new proofs of the advantage to be derived from association; and yet men are everywhere seen flying from their homes, and leaving behind them wives and children, parents and relatives — each one seeming desirous, as far as possible, to be compelled to roll his own log, build his own house, and cultivate his lonely field; and thus deprive himself of all the benefit necessarily resulting from combination with his fellowmen. In the passage to his solitude, he traverses immense plains abounding in the fuel by whose consumption he would so much increase his wealth and power—preferring, apparently, to continue to confine himself to the use of his arm, when, by calling nature to his aid, he might be enabled to substitute the qualities of his head for those of his arm, and pass from the labors of the OX to those of THE MAN.

In no country of the world, is there so great a voluntary waste of power as in these United States. In Ireland and India, in Turkey and Portugal, a similar waste takes place, but in none of these, is there even a pretence that the people direct their own course of action. Here, the reverse is the case, every man being supposed to constitute a portion of the government, and to aid in so directing its action as to enable him and his neighbors most to profit by the gifts of Providence; yet, here it is, that men are most disposed to separate themselves, each and every one from each and every other — thus forfeiting all the advantages, that are elsewhere seen to result from the substitution of the natural forces, for those of the human arm. The waters of Niagara, capable of doing the work of millions of men, are allowed to run to waste; and the coal-fields of Illinois, that, with the slightest effort, might be made to perform a hundred times more labor than is now performed by

all the people of the Union, are held in almost as light esteem as would be a similar quantity of gravel, or of sand.

Domestic commerce tends to the development of the treasures of the earth — to the utilization of every particle of the matter of which our planet is composed — to the development of human power — to diminution in the value of the commodities required for the support of man — and to augmentation in his own value, and in that of the land upon which he is placed. At every stage of its progress, local centres acquire a larger attractive power — the mill, the mine, the furnace, the rolling-mill, and the grist and cotton mills, becoming the places of exchange, and thus diminishing the necessity for resorting to the trading cities of the world. The man whose labors have been given to the production of wheat, is thus enabled to exchange directly with one neighbor who converts wheat into flour, and another who has changed coal and ore into iron; with one who has converted wool into cloth, and another who has made rags into paper — at once economizing the cost of transportation, and obtaining the intellectual commerce required for enabling him to pass from the cultivation of the poor, to that of the richer soils.

The desires of the trader look in an opposite direction — tending, everywhere, to prevent the creation of local centres, and thus to increase the necessity for resorting to the great central cities of the world. Every stage of his progress towards power is, therefore, attended by an increase in the tax of transportation, and a diminution in the power of man—with constantly increasing exhaustion of the soil, requiring resort to new lands, to be in their turn exhausted.

According to an eminent French economist, this country is, like Poland, specially dedicated to agriculture, to the exclusion of manufactures. Such, too, having been the opinion of some of those persons who most have influenced the action of the central government, the result is seen in an universal impoverishment of the soil, and of its owners, because of the enormous tax of transportation to which they have been subjected. According to these gentlemen, the raising of raw produce is the chief pursuit of man, and yet, small reflection could be required for satisfying them, that the raising of wheat was but one of the steps towards the making of bread; and that the raising of cotton was but a stage in the process of producing cloth—cloth and bread, and not wheat or wool, being the commodities required for his use. Men perish of cold where trees most abound, because of the absence of the saw, or the axe; and other men go naked, though surrounded by plants yielding cotton, because of their distance from the spinning-jenny and the loom. Man is placed on this earth to subject the forces of nature to his service — compelling her to yield the commodities required for his use, and in exchange for the smallest

possible amount of human effort. That that object may be accomplished, he is required to combine his efforts with those of his fellow-men — the farmer, the miller, and the baker, uniting for the production of bread; the shepherd, the spinner, and the weaver, uniting for the production of cloth. The more perfect that union, the less is the waste of labor in transportation and in effecting exchanges, and the greater the power to improve the land already occupied, while extending the work of cultivation over the richer soils — as is now being done in France, Denmark, Germany, and other of the advancing countries of Europe. The less the power of combination, the greater is the tendency to exhaustion of the soil, as is seen to be the case in Poland and Ireland, Turkey and Portugal, Jamaica and India, and every other country that, like the United States, gives itself, almost exclusively, to the work of scratching the earth. Of all the raw material required for the purposes of man, manure is the most important, and the least susceptible of transportation to a distance; and therefore is it, that poverty, depopulation, and slavery, are the necessary consequences of the reduction of a community to dependence on the single species of effort required for compelling the earth to yield the raw material of clothing, or of food. Throughout the larger portion of the Union, the market is distant hundreds and thousands of miles, and the consequences are seen in the fact, that the soil is becoming almost everywhere exhausted — wealth thus diminishing, when it should increase.

How it diminishes, has recently been shown by an eminent agriculturist, from whom we learn:

That, the potash and phosphoric acid annually taken from the land, is worth, at the usual market price of these commodities, nearly $20,000,000 — scarcely any of which is ever returned:

That, the ashes of 600,000,000 of bushels of corn are annually taken from the soil — scarcely any of which are ever returned:

That, the total annual waste of the mineral constituents of food, is "equal to 1,500,000,000 bushels of corn."

"To suppose," says the author of these estimates — "to suppose that this state of things can continue, and we, as a nation, remain prosperous, is simply ridiculous. We have as yet much virgin soil, and it will be long ere we reap the reward of our present improvidence. It is merely a question of time, and time will solve the problem, in a most unmistakable manner. What with our earth-butchery and prodigality, we are each year losing the intrinsic essence of our vitality.

"Our country has not yet grown feeble from this loss of its life-blood, but *the hour is fixed when, if our present system continue, the last throb of the nation's heart will have ceased, and when America, Greece, and Rome, will stand together among the ruins of the past.*

"The question of economy should be, not how much do we annually produce, but how much of our annual productions is saved to the soil. Labor employed in robbing the earth of its capital stock of fertilizing matter, is worse than labor thrown away. In the latter case, it is a loss to the present generation — in the former, it becomes an inheritance of poverty for our successors. Man is but a tenant of the soil, and he is guilty of a crime when he reduces its value for other tenants who are to come after him."

Waste, such as is here described, Mr. President, *is* a crime, and it finds its punishment in the natural, moral, and political decline, to which your attention has now been called. Look, almost, where the traveller may, he is struck with the wretched condition of that which, in this country, is called agriculture — but which, in the civilized countries of Europe, would be denominated pure and simple robbery of the great bank, given by the Creator for the use of man. Its effects are shown in the facts, that, in New York, where, eighty years since, 25 to 30 bushels of wheat were an ordinary crop, the average is now only 14, while that of Indian corn is but 25. In Ohio, a State that, but half a century since, was a wilderness, the average of wheat is less than 12; and it diminishes, when it should increase. Throughout the West, the process of exhaustion is everywhere going on — the large crops of the early period of a settlement, being followed, invariably, by smaller ones in later years. In Virginia, throughout a large district of country once considered the richest in the State, the average of wheat is less than seven bushels; while in North Carolina, men cultivate land yielding little more than that quantity of Indian corn. Tobacco has been raised in Virginia and Kentucky, until the land has been utterly exhausted and abandoned; while throughout the whole cotton-growing country, we meet with a scene of exhaustion unparalleled in the world, to have been accomplished in so brief a period. The people who raise cotton and tobacco are living upon capital — selling their soil at prices so low, that they do not obtain one dollar for every five destroyed; and as man is always a progressive animal, whether his course be upward or downward, we may now readily understand the cause of the steady and regular growth of that feeling which leads to regarding bondage as being the natural condition of those who need to sell their labor. The supremacy of trade leads necessarily to such results; and, as the whole energies of the country are given to the enlargement of the trader's power, and to the augmentation of the tax of transportation, it is no matter of surprise that its people are everywhere seen to be employed in "robbing the earth of its capital stock." Let the existing system be continued, and "the hour is surely fixed," when, in the words of the writer quoted above, "America, Greece, and Rome, will stand together among the ruins of the past."

Allow me now, Mr. President, to call your attention, once again, to the diagram given in a former letter. Looking at it, you find, at the left, production small, and the prices of the ruder products of the earth, very low indeed. Passing towards the right, you find, in Massachusetts, production larger, and prices higher — the farmer obtaining a greater number of bushels, and, for each bushel, a larger quantity of money. *That* is the road towards the improvement in manners and morals, to which we attach the idea of civilization. The contrary road — from the right to the left — is the one which leads to that state of demoralization, to which we attach the idea of barbarism — the products of the earth then diminishing in quantity, with steady decline of prices. This last, Mr. President, is the road which, under the guidance of the central government, we are travelling; and therefore it is, that each successive year brings with it new attacks upon the local powers, and new increase of the central power, with constant decline in the respect for the Constitution, and in the regard for individual rights. Men, Mr. President, become free, and communities rise in the estimation of the world, in the ratio of their development of a *real* agriculture. Both deteriorate in the ratio in which they find themselves driven to the work of robbing the soil. This I propose to show in another letter — remaining, meanwhile,

Yours, very respectfully,

HENRY C. CAREY.

Philadelphia, January 11*th*, 1858.

LETTER ELEVENTH.

All men, Mr. President, desire to maintain commerce *with* each other — exchanging ideas and services, or commodities, in which those services are embodied. Some men desire to be employed in effecting exchanges *for* other men — standing between them, in the various capacities of sailor and wagoner, trader and transporter, all of whom are merely *instruments* to be used by commerce.

The greater the diversity in the employments of society, the greater is the power to maintain commerce, and the less is the necessity for the use of the instruments above referred to — the greater is the tendency towards increase in the productiveness of the soil—the larger is the return to agricultural labor—the higher are the prices of the rude products of the land — the cheaper become those finished commodities required for the use of the farmer — and the greater is the tendency towards that improvement of human condition, to which we are accustomed to attach the idea of civilization.

The less, Mr. President, the diversity of employments, the greater is the necessity for the services of the ship and the wagon, the trader and transporter — the less is the commerce — the greater is the tendency towards exhaustion of the soil — the smaller is the return to agricultural labor — the lower are the prices of the rude products of the land — the dearer are clothing, knives, axes, and other finished products — and the greater is the tendency towards that deterioration of man's condition to which we are accustomed to attach the idea of barbarism.

The great fact is thus presented to us, that where the land yields most largely, there the prices of the products of the farm are highest; whereas, where it yields least in quantity, there the prices are lowest. — In Germany and France, the yield of the land is steadily increasing, while prices regularly advance. In this country, the yield decreases, while prices as steadily decline. Hence it is, Mr. President, that the phenomena presented to view by French and German society, are those of growing civilization; while those we meet among ourselves, are those of advancing barbarism.

Approximation in the prices of the rude products of the earth, and of the finished commodities required for human purposes, is, Mr. President, the most conclusive proof of growth in civilization. The more nearly they come together, the more does society tend to assume its natural form — the greater is the tendency towards steadiness and regularity of movement — and the more rapid is the advance in wealth, and power. The more they recede

from each other, the more does society tend to take the form of an inverted pyramid, the less is the regularity of movement, the greater is the tendency towards barbarism, and the more rapid is the decline in wealth and power. With us, as you have seen, those prices *do* recede — more cotton and more flour being, as a rule, required to pay for any given quantity of iron, copper, tin, or lead — the most essential of the commodities required for advance in civilization — than was needed, for that purpose, half a century since.

The closer that approximation, the greater is everywhere the tendency to increase in the productiveness of the soil — with growing power of association and combination. The more remote they are, the greater is the tendency towards exhaustion of the soil, with declining power of combination. Throughout the Union, that power is declining; and thus are we presented with another of the phenomena which, everywhere else, have attended declining civilization.

The more the soil becomes enriched, the greater is its power of attraction, the more rapid is the growth of commerce, and the more civilizing are the tendencies of the time. The more it is impoverished, the greater is its repulsive power, the slower becomes the movement of society, and the more rapid is the decline of civilization. With us, Mr. President, as you have seen, the attractive power of the soil diminishes, and men are almost everywhere flying from each other, as if from pestilence — the enormous emigrations of the barbarous ages of Europe being here reproduced, and affording conclusive evidence of decline in wealth, strength, and power. What are the lesser phenomena by which decay is manifested, and how they influence the various portions of society, we may now inquire.

At the return of peace in 1815, land was high in price — a market having been already made at home, for the most important of its products. Protection being discontinued, that market disappeared, and the result was seen, six years later, in the almost universal ruin of the farmers — judgments being everywhere entered up — mortgages being foreclosed — sheriffs' sales abounding to such an extent as, at length, to force the people of the agricultural States to the adoption of laws for staying the execution of the judgments of their courts—and land falling to a fourth of the price at which it had sold, but seven years before. The sales of public land, and the revenue therefrom, had trebled in the period from 1814 to 1818–19 — thus increasing the number of farmers, at the moment when the market for their products was gradually disappearing — and thus preparing the way for that decline in the price of the products of the farm, whose steady progress is exhibited in the figures already, Mr. President, laid before you.

By 1824, the land revenue had fallen to less than a third of the

amount at which it had stood in 1819. Thenceforward — protection having been re-established — it went gently up, until, in 1832 and 1833, it averaged $3,295,000; or, almost precisely the amount it had so suddenly attained thirteen years before. In the mean time, the population had increased about two-thirds; and so regular had been the increase in the home demand for food, that now, for the first time in the country's history, its price was wholly uninfluenced by the fall of foreign markets. From 1828 to 1831, wheat, in England, had been high — averaging £3 4*s.* 3*d.* per quarter, or $1.72 per bushel. From that period, it fell regularly, until, four years later, it was but £1 19*s.* 4*d.*, or $1.05 per bushel; and yet, the price of flour in the American ports remained entirely unaffected; as is shown by the following figures, derived from a recent Treasury Report: —

Average of 1828 to 1831					$5.84
1832	$5.87	1834	$5.50	}	5.72
1833	5.50	1835	6.00	}	

The Compromise tariff having now, however, begun to operate, mills ceased to be built, and importations rapidly increased. The mechanic arts no longer affording an outlet for the growing population, emigration to the West grew rapidly, accompanied by enormous speculations in the public lands — the speculator always desiring to go in advance of the poor settler, and to profit at his expense. The land revenue rose from $4,000,000 to $14,000,000, and $24,000,000; after which, for four succeeding years, it averaged $5,000,000; and thus, in six years, was more land disposed of, than had been sold in the forty preceding ones. The consequences were such as might have been expected. While the new farms were being created, by help of labor diverted from the old ones, food was scarce and high; but by the time they were ready to furnish supplies, their owners found their market had disappeared. Land again falling in price, mortgages were foreclosed; and once again, were farmers, by tens of thousands, turned adrift upon the world, to recommence their labors as they might. We have here the second great stage of preparation, for the extraordinary fall in the price of food that has been exhibited.

The land revenue now (1842) fell to little more than a single million, from which point, under the protective tariff of that year it rose gradually until, five years later, it stood again at $3,000,000. Soon after, the discovery of the treasures of California came in to make demand for manufactures, and to give activity to commerce. So long as that activity continued, the sales of public lands continued small, but now — the building of mills and furnaces having ceased — the revenue from that source, in the three years ending with 1856, had attained an average of nearly $10,000,000. If to this, be added, the sales of land granted to railroad companies, we obtain a total for those years of at least $50,000,000;

or twice the amount of the twelve years from 1840 to 1852. Those sales are an index to the exhaustion of the soil, the dispersion of the people, the decline of commerce, and the growth of the power of the trader; and as those of 1818 were followed by the agricultural ruin of 1821, and those of 1836 by the ruin of 1841, so must those of 1854–56 be followed by similar effects, at a period that is now but little distant. As a rule, the highest prices have always been followed by the lowest ones — those of the free trade period of 1822 having followed those of the protective one of 1816 — the ruinous prices of 1842 and 1843 having followed those of 1837 and 1838 — and the exceedingly low one of 1852 having followed closely upon the elevated ones of 1847 and 1848. With each successive crisis, too, the price established at its close, has been lower than that of previous periods. As yet, 1852 occupies the lowest place; but the day is fast approaching, Mr. President, when, should Heaven smile upon the labors of our farmers, they will look with regret, even to the low prices of the years from 1850 to 1852. The more they exhaust the soil, the greater will be the tendency towards decline of price.

Instability and irregularity being the essential characteristics of barbarism, there can be no *real* agriculture where they are found. The farmer, more than any other member of the community, requires stability — his investments being generally made a year, or more, in advance. The trader buys flour one day, and sells it on the next; but the farmer needs to determine in the autumn, in what manner he will appropriate his land, for the year to come. The price of wheat falling and that of tobacco rising, he can make no change; but the trader can — selling the one at the first appearance of a downward movement, and buying the other at the first appearance of an upward one. The skilful trader desires change, and the more frequent its recurrence, the more numerous are his chances for accumulating fortune; but instability is ruinous to the farmer and the planter. The objects of the farmer and trader are, thus, widely different; and yet the former appears most generally before the world as the advocate of his own subjection to the dominion of trade, and as the opponent of the policy that is based upon the idea of the extension of domestic commerce, and consequent emancipation of his land from the oppressive tax of transportation. Hence it is, that we meet with those conclusive evidences of declining civilization which are, in one part of the Union, supplied by the growing belief in the divine origin of slavery, and in the necessity for its continuance; and in the other, by the facts, that in the older States, property in land becomes more consolidated; that in all of them, the poor rent-paying tenant is taking the place of the small proprietor; that, almost everywhere, exhaustion of the soil is proceeding with accelerated rapidity; and that men are, everywhere, more and more compelled to relinquish the advantages of that combination with their

fellow-men, to which, alone, they can look for the power to call the great forces of nature to their aid.

The coal-miner, the smelter of ores, the cotton and woollen manufacturer, and all others engaged in the work of production, are, Mr. President, like the farmer in the fact that they need stability and regularity — giving a steady circulation of labor and its products, and increasing their ability to add to the machinery required for their operations. That having been obtained, they are enabled, in each successive year, to profit by the experience of the past, and to give to the farmer a constantly increasing quantity of cloth, in exchange for a constantly diminishing quantity of food and wool — the prices of the two tending steadily and regularly to approach each other. That stability, and that regularity of circulation, have, however, been to the people of the United States, things entirely unknown. At times, as in the two periods ending in 1835 and 1847, it has been approached, but, in every case, it has proved but a mere lure, for inducing men of skill and enterprise to waste their fortunes, and their time, in the effort to advance the interests of the community, with ruin to themselves.

From 1810 to 1815, mills and furnaces were built, but with the return of peace, their owners — embracing large and small capitalists, working-men and others, the most useful portions of the community — were everywhere ruined, and the people who had been employed were turned adrift, to seek in the West the support they could no longer find at home. Land sales then, as we have seen, became large, and, next, the farmer suffered as the manufacturer had done before. From 1828 to 1834, such establishments were again erected, and the metallic treasures of the earth were being everywhere developed; but, as before, the protective system was again abandoned, with ruin to the manufacturer, accompanied by enormous sales of public land, and followed by ruin to the farmer. From 1842 to 1847, mills and furnaces were again constructed; and then, from 1848 to 1850, they were again closed; the effect being seen, in 1850–52, in the fall of flour to a price lower than had ever before been known. The perfect harmony of all true interests, and the absolute necessity for protection to the farmer, in his efforts to bring the artisan to his side, and thus relieve himself from the heavy taxation to which he is now subjected, are here exhibited in the strongest light. No one, who studies the regular sequence of these facts, can hesitate as to full belief in that portion of the doctrine of *The Wealth of Nations*, which teaches, that the English system, based as it is upon the idea of cheapening all the raw materials of manufacture, "is a manifest violation of the most sacred rights of mankind."

In the last ten years, few mills or furnaces have been erected— the value of those in existence having been, in general, so far

below the cost of production, as to have afforded no reason for making any addition to their number.

The history of industry in no civilized country of the world presents such a scene of destruction as is found in the manufacturing, mining, and railroad operations of the Union. Of all the persons concerned in making those great improvements required for diminishing the distance between the consumer and the producer — for enabling the producers of wool, flax, and food readily to exchange for cloth and iron — and for reducing the prices of manufactured commodities, while raising those of the raw products of the earth — a large majority have been ruined; and the result is seen in the facts, that the various metals are rising in price, as compared with flour and cotton — that our farmers, as a rule, are poor — that, with each successive year, the land is being more rapidly exhausted — and, that the country exhibits so many other evidences of declining civilization.

Careful study of these facts, Mr. President, will enable you, readily, to understand the causes of the demoralization now making such rapid progress. The policy of the country being wholly adverse to the growth of manufactures, agriculture remains, and necessarily, in its rudest state — offering no attraction for men of any cultivation. Seeking a pursuit, our young men shrink from one that involves so large an amount of labor, and is so badly paid. Looking, next, to the production of iron, or the manufacture of cloth, they see that most of the men who have been so engaged, have reaped but ruin as the result. Thus limited in their choice of employments, they find themselves driven to becoming clerks, traders, lawyers, or doctors; and the consequences are seen in the fact, that we have five times more traders, lawyers, and doctors, than can obtain a living by any honest means. All, however, must live — honestly if they can, but dishonestly if they must; and hence it is, that the race of sharpers and blacklegs, speculators and swindlers, slave traders and filli-busters, counterfeiters and peculators, increases with such rapidity. It is safe, Mr. President, to say, that with the present policy of the central government is inseparably connected, a greater development of the merely appropriative powers, and a greater tendency towards decline in the security of person and property, than can be found in any country of the world, claiming to be held as civilized.

This is a sad picture, Mr. President, but that it is a true one, you have abundant evidence in the proceedings of the world around you.

Yours, very respectfully,

HENRY C. CAREY.

Philadelphia, January 13th, 1858.

LETTER TWELFTH.

"THIRTY-ONE independent States, enjoying a thousand advantages, are mutually engaged in a free trade with each other. *That,* is the free trade we want!" — Such, Mr. President, was the most accurate view of the great and pressing "want" of your countrymen, presented by yourself, but a few years since. Seeing most clearly, as you then did, the enormous amount of taxes paid by our farmers, in the form of transportation, commissions, and other charges — the necessary consequence of dependence upon distant markets — it was to you most obvious, that what they really needed was, commerce among the States — commerce within the States — commerce in towns and villages — that commerce which, in other countries, enables men to exchange with each other, ideas, services, and products, with little charge for intermediate agency; and thus to emancipate themselves, almost entirely, from the grinding taxes of trade and transportation.

What, however, is it, that has given to those thirty-one States the power to maintain any commerce whatsoever? Is it not, Mr. President, a consequence of diversity in their modes of employment, resulting from the fact, that, while one portion of the country is fitted for raising cotton or sugar, others are better suited to raising wheat, rice, corn, barley, or grass — that while the soil of one is underlaid with coal, that of others is underlaid with lead or copper, marl or lime? That such is the case, is beyond all doubt. That without difference there can be no commerce, is shown by the facts, that the cotton planter of Carolina maintains no commerce with his fellow planter of Georgia, and that the farmer of Illinois makes no exchanges with his fellow farmer of Indiana.

What, however, is the actual amount of commerce among the States? How much does Kentucky exchange with Missouri? What is the annual value of the commerce of Ohio with Indiana — of Virginia with Kentucky? Scarcely more, as I imagine, than that of a single day's labor of their respective populations; and, perhaps, not even half so much. — Why, Mr. President, is this the case? Is it not a necessary consequence of the absence of that diversity of employments *within the States,* which we see, everywhere, to be so indispensable to the maintenance of commerce? Assuredly it is. Ohio and Indiana have little more than one pursuit — that of scratching out the soil, and exporting it in the form of food. Virginia and Kentucky have the same pursuits — selling their soil in the forms of tobacco and of corn. Carolina and Alabama have the same pursuits; and so it is throughout by far the larger portion of the Union — millions of

people being employed in one part of it, in robbing the earth of the constituents of cotton, while in others, other millions are employed in plundering the great treasury of nature, of the constituents of wheat and rice, corn and tobacco, and thus destroying, for themselves and their successors, the power to maintain commerce.

The commerce of State with State is, thus, Mr. President, but small; and the reason why it is so, is, that the commerce of man with his fellow man, within the States, as a general rule, is so exceedingly diminutive. Were the people of Illinois enabled to develope their almost boundless deposits of coal and iron ore, and thus to call to their aid the wonderful power of steam, the internal commerce of the State would grow rapidly — making a market at home for the food produced, and enabling its producer to become a large consumer of cotton. Cotton mills then growing up, bales of cotton wool would travel up the Mississippi, to be given in exchange for the iron required for the roads of Arkansas and Alabama, and for the machinery demanded for the construction of cotton and sugar mills, in Texas and Louisiana.

That, Mr. President, as you so well have said, is the sort of free trade that we really require. It grew with great rapidity, in the period ending in 1816 — that period in which the domestic market absorbed so large a proportion of cotton that was produced. It died away, in the years that followed, from 1817 to 1824, when mills and furnaces were closed, and mechanics were, everywhere throughout the country, suffering for want of food. It grew again, in the period from 1824 to 1834, when the product of iron rose to 200,000 tons, and thus enabled the farmers of the country to double their demands for the products of the plantation. It declined from 1834 to 1842 — the period, during which, the domestic production of iron, and the domestic consumption of cotton, remained almost unchanged in quantity, notwithstanding an addition of 25 per cent. to our population — It grew again, from 1842 to 1848 — the domestic production of iron having in that brief period almost quadrupled, while the domestic demand for cotton doubled. It has now declined — the production of iron being less than it was five years since, and the demand for cotton being, at this moment, not greater, probably, than it was in 1842, when our numbers were little more than half as great as they are at the present hour.

We have now, probably, thirty millions of people, occupying the thirty-one States, of which, Mr. President, you spoke; and yet, among them all, there is, at the present time, almost literally, no commerce.—The planter stores his cotton — waiting for better prices. For the same reason, the farmer houses his wheat and his corn. Neither of them, therefore, is able to purchase cloth or iron. The iron master, as a consequence, is forced to close his furnace, and the maker of cloth closes his mill. Wages ceasing to be paid, the owner of houses receives no rent. Houses

ceasing to be built, the unemployed mason and carpenter take their places by the side of the already discharged workers in wool and cotton, in coal and iron. Commerce thus perishes; and this it does, because our rulers, Mr. President, have been led to believe that national wealth and power were to be obtained, as the results of measures directly the reverse of those so plainly indicated by yourself, at the opening of the Central railroad, but a few years since. You, then, most clearly saw, that what we needed was, the establishment of that entire freedom of commerce among ourselves, that would enable each and every man to find, at the instant, a purchaser for all his powers of body, or of mind; and that, so far as the system commonly called "free trade," tended to prevent the growth of that commerce, it was precisely the sort of freedom that we did NOT want. — A disciple in the school of Adam Smith, you could not fail to agree with him in his estimate of the vast advantage to be derived by the farmer from condensing thousands of pounds of food and wool into a piece of cloth, and thus diminishing the tax of transportation — every step in that direction tending towards diversifying employments, and thus extending domestic commerce, while greatly facilitating intercourse with the distant nations of the world.

The greater the number of differences among men — the greater the diversity of demands for their various faculties — the greater, Mr. President, is the power to maintain commerce among themselves. The greater the domestic commerce, the greater is, always, the power to maintain commerce with distant people, and the greater the tendency towards the growth of wealth and power. For proof of this, we need only look to France — that country of Europe whose policy has most consistently been directed towards the diversification of employments, and the extension of internal commerce. Seeking, however, further evidence of this, you may look to Belgium, Sweden, Denmark, and Northern Germany, in all of which you will find a rapid extension of intercourse with the world, as a necessary consequence of increasing power for the maintenance of that domestic commerce, so well described by you, Mr. President, as the sort of "free trade" that we really need among ourselves. Looking, next, homeward, you at once are struck with the great power of Massachusetts to maintain commerce with New York and Pennsylvania, when compared with the commercial relations of Virginia with Kentucky, or of Carolina with Tennessee.

Look, however, where you may, you will nowhere find facts more fully confirmatory of the accuracy of your views, than in the commercial history of England, now the great apostle of the sort of free trade that we do *not* require. A century since, she was busily engaged in robbing her soil, and exporting it in the form of raw materials, to be sold, and at the lowest prices, to the manufacturing communities of the lower Rhine. The more the

soil became impoverished, and the less its yield, the lower, as, Mr. President, you have seen, became the prices; and hence arose the boast among the German cities, that they bought from the Englishman the skin of the fox for a groat, and then re-sold him the tail for a shilling. — Ridiculous as this may now seem, it is precisely what we ourselves are doing — selling flour by the ton, and then buying it back again, in the form of cloth and iron, by the pound — selling cotton by the bale, and then buying it back by the pennyweight — and exhausting the soil in the effort, in this manner, to obtain the little cloth and iron, we are able to consume. Even then, however, a change of the English system was near at hand. Efficient protection — developing the cloth and iron manufactures — soon gave the English farmer a market at home, and thus created domestic commerce, the only solid foundation for a great external one. Raw materials rose in price, while machines and cloths were cheapened; and thus was furnished the most conclusive evidence, that the nation which would advance in wealth and power, must adopt a policy looking to the emancipation of the farmer from the tax of transportation, and to the approximation of the prices of his rude products, and those of the finished commodities required for his use.

Turning now homewards, Mr. President, we find abundant evidence of your perfect accuracy in looking to the extension of domestic commerce, as furnishing the only sure foundation for an extended intercourse with foreign countries, and as being, therefore, the sort of free trade that we really need. — From the date of the passage of the act of 1816, by which the axe was laid to the root of our then-rapidly-growing manufactures, the foreign trade steadily declined, until, in 1821, the value of our imports was less than half of what it had been six years before. Thenceforward, there was little change until the highly protective act of 1828 came fairly into operation — the average amount of our imports, from 1822 to 1830, having been but 80 millions — and the variations having been between 96 millions in one year and 70 in another. Under that tariff, domestic commerce grew with great rapidity — enabling our people promptly to sell their labor, and thus to become large customers to the people of other lands, as is shown by the following figures, representing the value of goods imported: —

1830–31	$103,000,000
1831–32	101,000,000
1832–33	108,000,000
1833–34	126,000,000

Here, Mr. President, is a steady and regular growth — the last of these years being, by far the highest, and exceeding, by more than 50 per cent., the average of the eight years from 1822 to 1830. In this period, not only did we contract no foreign debt, but we paid off the whole of that which previously had existed — the legacy of the war of independence.

The Compromise tariff began now to exert its influence on the societary movement — stopping the building of mills and the opening of mines, and thus lessening the power to maintain domestic commerce. How it operated on that with foreign nations, is shown in the facts, that the imports of 1837 went up to $189,000,000, and those of 1838 down to $113,000,000 — those of 1839 up to $162,000,000, and those of 1840 down to $107,000,000; while those of 1842 were less than they had been ten years before. In this period, we ran in debt to foreigners, to the extent of hundreds of millions, and closed with a bankruptcy so universal, as to have embraced, individuals, banks, towns, cities, States, and the national treasury itself.

That instability is the essential characteristic of the system called free trade — that one which, as you, Mr. President, have so clearly seen, we do *not* want — will be obvious on the most cursory examination of the facts presented by the two periods of that system, through which we have thus far passed. From more than $100,000,000, in 1817, our imports fell, in 1821, to $62,000,000. In 1825, they rose to $96,000,000, and then, two years later, they were but $79,000,000. From 1829 to 1834, they grew steadily and regularly, but, no sooner had protection been abandoned, than instability, with its attendant speculation, re-appeared — the imports of 1836 having been greater by 45 per cent., than those of 1834, and those of 1840 little more than half as great as those of 1836 —Careful study of these facts, Mr. President, can scarcely fail to satisfy you, that the cause of all the difficulties you have so well described, is to be found in the action of the central government; and that, it is in that direction, and not to modification of the local action, we must look for remedy.

Once again, in 1842, protection was restored; and once again, do we find a steady and regular growth in the power to maintain intercourse with the outer world, consequent upon the growth of domestic commerce, as is shown in the following figures: —

1843–44	$108,000,000
1844–45	117,000,000
1845–46	121,000,000
1846–47	146,000,000

Here, Mr. President, we find a constant increase of *power* to go to foreign markets, accompanied by a constant decrease in the *necessity* for resorting to them — the domestic production of cotton and woollen goods having doubled in this brief period, while the domestic production of iron had more than trebled.

Ten years having elapsed since the tariff of 1846 became fairly operative, we have now another opportunity for contrasting the operation of the free trade that we do not want, with that which we so much require. Doing so, we find the same instability by which were characterised the periods which preceded the act of 1824 — that of 1828, and that of 1842 — and on a larger scale.

In 1849–50, our imports were $178,000,000. In 1854, they were $304,000,000. In 1855, $260,000,000. In 1857, $360,000,000— and now, they are about to fall to $180,000,000, if not, even, to a figure greatly lower.

That this must be so, will be obvious to those who study the history of the past few years, and contrast the hundreds of millions of debt we have created — making an annual demand for $30,000,000 for the payment of interest — with the entire discredit into which we have now so justly fallen. That it must be so, will be clear to those who look to the facts, that, prior to the opening of the Crimean war, the price of flour had fallen to a lower point than had ever before been known — that since that period, we have driven millions of men to the creation of farms, that are now about to deluge us with food — that the number of persons engaged in any department of manufacture, is less now, than it was five years since — that the power to purchase food is as steadily declining, as the power to furnish it increases — and that, with favorable seasons, its future price must, certainly, be lower than has ever yet been known. That it must be so, will be apparent to those who look to the facts, that the cotton crop, in 1849, exceeded 2,800,000 bales — that, since that time, the population of the cotton-growing States has been almost a third increased — that the new lands are now becoming productive — that the augmentation of the crop is likely to be as great as it was, after the last bankruptcy, in 1841, when the average was, suddenly, forty per cent. increased — that it is likely soon to reach 4,000,000 bales — that the domestic market will now be 250,000 bales less than it has been in the past two years — that the foreign market will, therefore, be required to absorb at least a million of extra bales — that the farmers of Europe will find a reduction in their power to purchase clothing, consequent upon the reduction in the prices of our food — that the demand tends thus to decline as the supply tends to increase — and, that all past experience goes to show, that after each successive crisis, the permanent average of prices has fallen below that which had been fixed by its predecessor. — The seasons may prove unfavorable, and crops may prove small, but should Providence favor the planter with liberal returns, he is likely to be more nearly ruined, than in any period he yet has seen. Such being the facts in reference to the future of our great staples, it is fair, Mr. President, to assume, that the quantity of foreign merchandise we shall now import will scarcely go beyond, even if it equal, $180,000,000.

How the facts above described have tended to affect the currency, I propose to show in another letter, remaining, meanwhile,

Yours, very respectfully,

HENRY C. CAREY.

Philadelphia, January 19th, 1858.

LETTER THIRTEENTH.

The single commodity, Mr. President, that is of universal request, is Money. Go where we may, we meet persons seeking commodities required for the satisfaction of their wants — yet widely differing in their demands. One needs corn; a second, clothing; a third, books, newspapers, horses, or ships. Many desire food, yet while one would have fish, another rejects the fish and seeks for meat. Offer clothing to him who sought for ships, and he would prove to have been supplied. Place before the seeker after silks, the finest lot of cattle, and he will not purchase. The woman of fashion rejects the pantaloons; while the porter regards her slipper as wholly worthless. Of all these people, nevertheless, there would not be found a single one, unwilling to give labor, attention, skill, houses, bonds, lands, horses, or whatever else might be within his reach, in exchange for money — provided, only, that the quantity offered were deemed sufficient.

Were a hundred ships to arrive at our several ports to-morrow, a single one of which was freighted with gold, she alone would find a place in the editorial columns of our journals — leaving wholly out of view the remaining ninety-nine, freighted with silks and teas, cloth and sugar. The news, too, would find a similar place in almost all the journals of the Union, and for the reason, that all their readers, the *bears* excepted, so much rejoice when money comes in, and so much regret when it goes abroad. Of all the materials of which the earth is composed, there are none so universally acceptable as gold and silver — none, in whose movements so large a portion of every community feels an interest.

Why, Mr. President, is this the case? Because of their having distinctive qualities that bring them into direct connection with the distinctive qualities of man — facilitating the growth of association, and promoting the development of human powers. They are the *indispensable* instruments of society, or commerce.

That they are so, would seem to be admitted by those journalists when giving to their movements so much publicity; and yet, on turning to another column, you would probably find it there asserted, that all this anxiety in regard to money was evidence of ignorance — man's condition being improved, by parting with gold that he can neither eat, drink, nor wear, in exchange for sugar that he *can* eat, and cloth that he *can* wear. Such may be the case, says one reader, but, for my part, I prefer to see money come in, because when it does so, I can borrow at six per cent.; whereas, when it is going out, I have to pay ten, twelve, or twenty. This is doubtless true, says another, but I prefer to see

money arrive — being then able to sell my hats and shoes, and to pay the people who make them. It may be evidence of ignorance, says a third, but I always rejoice when money flows inwards, for then I can always sell my labor; whereas, when it flows outwards, I am unemployed, and my wife and children suffer for want of food and clothing. Men's natural instincts look, thus, in one direction, while mock science points in another. The first, Mr. President, *should* be right, because they are given of God. The last *may* be wrong — being one among the weak inventions of man. Which *is* right, we may now inquire.

Of all the commodities in use among men, there is none the control of which gives to its possessor so large an amount of power, as that of money. Sovereigns in the East heap up gold as provision against future accidents; and finance ministers in the West, rejoice when their accounts enable them to exhibit a full supply of the precious metals. When it is otherwise, the highest dignitaries are seen paying obsequious court to the Rothschild and the Baring, controllers of the money market. So, too, when railroads are to be made, or steamers to be built. Farmers and contractors, land-owners and stockholders, then go, cap in hand, to the Crœsuses of Paris and London, anxious to obtain a hearing — and desiring to propitiate the man of power by making whatsoever sacrifice may seem to be required.

Of all the questions, Mr. President, that are now before us, there is none that so much occupies the public mind, as that of the establishment of the currency on such a basis, as will secure us against future repetition of the "extravagant expansions" and "ruinous contractions," that have, in each and every case, attended the departure of the central government from the course of policy you so much admire — the course which looks to giving us that freedom of domestic intercourse, from which we have been so much debarred. How great, in your opinion, is the importance of this question, is clearly indicated, as well by the fulness with which you have treated it in your Message, as by your suggestions in reference to the remedies that, as you seem to think, may be required for the correction of the evils under which we suffer.

Prior to the formation of the Constitution, the power to create banks, and to define the powers of such institutions, rested, unquestionably, with the States; and as, when they accepted that instrument, they certainly retained all the powers not expressly parted with, not a doubt can now exist of their having, in the time that has since elapsed, acted in full accordance with both its letter and its spirit. Nevertheless, so great in your opinion, Mr. President, are the evils now resulting from the exercise of the power thus retained, that, "after long and much reflection," you have arrived at the conclusion, that, "if experience shall prove it to be impossible to enjoy the facilities which well-regulated banks might afford, without at the same time suffering

the calamities which the excesses of the banks have hitherto inflicted upon the country, it would then be far the lesser evil to deprive them altogether of the power to issue a paper currency, and confine them to the functions of banks of deposit and discount." The measures thus suggested involving, of course, the entire annihilation of the rights of the States, in reference to this important question — rights, that, during half a century from the peace of 1783, had remained entirely unquestioned — it is no matter for surprise, that it should have required the most serious reflection, before you should have satisfied yourself of the necessity for suggesting a remedy so entirely opposed to the views you previously had entertained; and so much opposed, too, to all the ideas of the founders of the Constitution, in reference to the beautiful system of local self-government they had found established. Where, however, Mr. President, exists the power to deprive the States of the exercise of rights with which they have never parted? In the central government? Assuredly not — that government having no power not expressly granted to it by the Constitution. It is asserted, nevertheless, that the Supreme Court stands now ready to reverse all the action of the past seventy years — at this late period deciding, that Washington and Adams, Hamilton and Franklin, Jefferson and Madison, had been altogether wrong in their estimate of the powers of the States — that, according to the true intent and meaning of the Constitution, the regulation of all the banks of the Union belonged to the central authorities — and that, it needs but the passage of an act of Congress, for the reduction of all the banks of the Union to a condition nearly akin to that of saving-funds, authorised to receive the deposits of individuals, and to lend them out; but deprived of all power in any other manner to aid the operations of the communities in which they are placed.

It is but the first step, Mr. President, that is difficult. That once taken, each successive one becomes more easy — the course of man, in whatever direction, whether towards barbarism or civilization, centralization or localization, being one of constant acceleration. The removal of the deposits, in defiance of law, by General Jackson, was a great step towards centralization; and yet, it was but trivial, compared with that you have now suggested — leading, as it inevitably does, to the entire subjection of the currency to the central government. Look almost where we may, Mr. President, throughout the European history of the middle ages, we see the exclusive control of the *indispensable* instrument of society, to have been regarded as furnishing the most important of all the machinery of taxation. — So was it, with our Continental money — the amount of taxes collected by its aid, having been immeasurably greater than could have been collected as a consequence of any direct appeal to the people. So has it been, too, throughout this century, with the Austrian

government — paper money having been issued until it had become greatly depreciated, and then having been replaced by other paper money, whose value was, as the taxpayers were assured, to be maintained. That, in turn, becoming depreciated, it was called in, to be again and again replaced, until nearly the whole original amount had disappeared. — *To relieve themselves from such oppression it was, that the people of European cities established banks;* and it was by means of those institutions, that the control of the currency was finally wrested from the various sovereigns, and vested in their subjects' hands — leaving to the government no power, but that of coinage.

That, Mr. President, having been one of the most important steps in the road towards the improvement of man's condition, the money-shop, or bank, has obtained, in all communities, an importance increasing in the direct ratio of their growth in civilization, and in freedom. Among ourselves, alone, are they the subjects of unceasing denunciation and persecution. Having become "identified with the habits of our people," they cannot, as you say, be "suddenly abolished"; but their further existence can, as you add, be tolerated, only on the condition of their limiting themselves "to their appropriate sphere" — abstaining from "administering to the spirit of wild and reckless speculation, by extravagant loans and issues," and thus rendering themselves of "advantage to the public."

It is quite impossible, Mr. President, to close our eyes to the fact, that all our tendencies, for the last few years, have been towards the absorption of all power by the central authorities; but, great as have been the previous steps in that direction, the one now proposed goes so far beyond them all, as to leave them out of sight. Let the measures thus suggested be carried into effect — let the control of the currency pass into the hands of Federal agents — and all the expansions and contractions you have so well described, will be far exceeded. "Deplorable," as you truly say, is "our present financial condition." The cup of misery will, however, then be full — the pages of history furnishing abundant evidence, that of all the tyrannies yet known to man, that of a centralized democracy is the most oppressive.

That there is great error somewhere, there is no doubt. Does it result from the existence of banks? Scarcely, as it would seem — their growth, throughout Europe, having been in the direct ratio of the advance in civilization. That of France, with its numerous branches, is the creation of the present century. Those of Germany tend rapidly to increase in number. Turkey makes no banks. — Does it lie with bank notes? It would seem not — Great Britain, whose advance in civilization was so rapid, having been, at all times, the leader in the use of a paper circulation. The use of such notes steadily increases in France and Belgium; and yet, of all the countries of Europe, there are none that have

passed so nearly uninjured, through the present crisis. Their use is greater in New England than in Illinois; and yet, the changes in the value of property have been far greater in the latter, than in the former.

Of all the countries of the world, claiming to rank among those most civilized, the only two whose governments are now engaged in a crusade against bank notes, are the United States and England — the two, whose policy is wholly directed to the extension of foreign trade; the two, that now control the chief gold deposits of the world; the two, which regard an increase in the *necessity* for ships and wagons as evidence of growing wealth and power; the two, whose every step is towards increase of centralization; the two, whose policy tends towards diminution in the prices of raw materials, and the subjection of the farmer to the trader; the two, whose crises are most frequent and most severe; and the two, that are now most nearly bankrupt.

The phenomena thus presented for consideration, are, certainly, evidences of declining civilization. Such being the case, further progress in that direction must tend towards barbarism. What, however, is the real route towards civilization? That, Mr. President, is a question that can be answered, only after a brief inquiry into the effects resulting from the possession of money, and into the circumstances which influence its supply, which it is proposed now to make. — Should that result in satisfying you, that the cause of all our difficulties is to be found in the failure of the central government to carry into effect your views in regard to that commerce which we really want, and not in the local action; and should you, thereby, be relieved of all necessity for departing from the construction given to the Constitution by your most distinguished predecessors, it will, I am well assured, be cause of unmixed satisfaction.

Yours, very respectfully,

HENRY C. CAREY.

Philadelphia, January 22d, 1858.

LETTER FOURTEENTH.

"MONEY — being a mere commodity — is subject to the same laws that govern wool and cloth, coal and iron. Why, then, should our legislators trouble themselves about its movements, any more than about those of turnips, or potatoes? If we need it, and are ready to pay for it, it will come. If we do not need it, or have nothing with which to pay for it, it will not come; and we shall, perhaps, be better off without than with it." Such, Mr. President, is the sort of argument that, year after year, is used by gentlemen who hold to the idea that countries are to be enriched by increasing trade with distant people, and sacrificing that commerce among ourselves which, as you have so clearly seen, is the sort of "free trade" we really need; by financiers who tell us, that gold being one of our products, its export is as natural and necessary as is that of cotton, and who look, with perfect calmness, at an outward current of the precious metals greatly exceeding the inward one; by Secretaries of the Treasury, who close their eyes to the clouds that are gathering round, and then, when overtaken by the storm, gravely tell the suffering millions, that "it was impossible to foresee the present revulsion in trade and commerce"; and generally, by all that class of middlemen, now so rapidly increasing among ourselves, which lives by preying upon the useful portions of society, and seeks, as far as possible, to widen the distance between the men who labor to produce, and depend upon the sale of their labor and its products, for the ability to feed their wives, their children, and themselves.

Such persons, Mr. President, have, as it would seem, yet to learn, that, in addition to the qualities common to themselves and other commodities, the precious metals possess that other most important one, of being *the great instruments*, provided by the Creator, for facilitating those exchanges of society which constitute that commerce between man and his fellow man, by the growth of which we are furnished with the highest of all the evidences of advancing civilization. By their help it is, that the farmer, the miller, the clothier, and all other members of society, are enabled to purchase for a single cent, a portion of the labors of thousands, and tens of thousands, of men employed in making railroads, engines, and cars, and transporting upon them, annually, hundreds of millions of letters; or, for another cent, their share of the labor of the hundreds, if not thousands, of men who have contributed to the production of a penny newspaper. The mass of small coin is thus a *saving fund* for labor, because it facilitates association and combination — giving utility

to billions of millions of minutes that would be wasted, did not a demand exist for them at the moment the power to labor had been produced. Labor being the first price given for everything we value, and being the commodity that all can offer in exchange the progress of communities in wealth and influence, is in the direct ratio of the presence, or absence, of an *instant* demand for the forces, physical and mental, of each and every man in the community — resulting from the existence of a power on the part of each and every other man, to offer something valuable in exchange for it. It is the only commodity that perishes at the instant of production, and that, if not then put to use, is lost forever.

We are all, Mr. President, momently producing labor-power, and daily taking in the fuel by whose consumption it is produced; and that fuel is wasted, unless its product be on the instant usefully employed. The most delicate fruits, or flowers, may be kept for hours or days; but the force resulting from the consumption of food, cannot be kept, even for a second. That the instant power of profitable consumption may be coincident with the instant production of this universal commodity, there must be incessant combination, followed by incessant division and subdivision; and that, in turn, followed by as incessant recomposition. This is seen in the case above referred to, where miners, furnace-men, machine-makers, rag-gatherers, carters, bleachers, paper-makers, railroad and canal men, type-makers, compositors, pressmen, authors, editors, publishers, newsboys, and hosts of others, combine their efforts for the production in market of a heap of newspapers that has, at the instant of production, to be divided off into portions suited to the wants of hundreds of thousands of consumers. Each of these latter pays a single cent — then perhaps subdividing it among half a dozen others, so that the cost is perhaps no more than a cent per week; and yet, each obtains his share of the labors of all the persons by whom it had been produced.

Of all the phenomena of society, this process of division, subdivision, composition, and recomposition, is the most remarkable; and yet, Mr. President — being a thing of such common occurrence — it scarcely attracts the slightest notice. Were the newspaper above referred to, partitioned off into squares, each representing its portion of the labor of one of the persons who had contributed to the work, it would be found to be resolved into six, eight, or perhaps even ten thousand pieces, of various sizes, small and great — the former representing the men who had mined and smelted the ores of which the types and presses had been composed, and the latter the men and boys by whom the distribution had been made. Numerous as are these little scraps of human effort, they are, nevertheless, all combined in every sheet, and every member of the community may — for the trivial sum of fifty cents per annum — enjoy the advantage of the information therein

contained; and as fully as he could do, had it been collected for himself alone.

Improvements in the modes of transportation are advantageous to man, but the service thereby rendered, when compared with the cost, is very small. A ship worth $50,000 cannot effect exchanges between men at opposite sides of the Atlantic, to an extent exceeding five or six thousand tons per annum; whereas, a furnace of similar cost will effect the transmutation of thirty thousand tons' weight of coal, ore, limestone, food, and clothing, into iron. Compared with either of these, however, the commerce effected by the help of $50,000 worth of little white pieces, representing labor to the extent of three or five cents — labor which, by their help, is gathered up into a heap, and then divided and subdivided day after day throughout the year — and it will be found that the service rendered to society, in economizing force, by each dollar's worth of money, is greater than is rendered by hundreds, if not thousands, employed in manufactures, or tens of thousands in ships or railroads; and yet there are able writers, Mr. President, who tell us, that money is so much "dead capital," — being "an important portion of the capital of a country that produces nothing for the country."

"Money, as money," says an eminent economist, "satisfies no want, answers no purpose. * * The difference between a country with money, and a country altogether without it, would," as he thinks, "be only one of convenience, like grinding by water instead of by hand." A ship, as a ship — a road, as a road — a cotton-mill, as a cotton-mill — in like manner, however, "satisfies no want, answers no purpose." They can be neither eaten, drunk, nor worn. All, however, are instruments for facilitating the work of association, and the growth of man in wealth and power is in the direct ratio of the facility of combination with his fellow-men. To what extent they do so, when compared with money, we may now inquire. To that end, let us suppose, Mr. President, that by some sudden convulsion of nature all the ships of the world were at once annihilated, and remark the effect produced. The ship-owners would lose heavily; the sailors and the porters would have less employment; and the price of wheat would temporarily fall; while that of cloth would, for the moment, rise. At the close of a single year, by far the larger portion of the operations of society would be found moving precisely as they had done before — commerce at home having taken the place of that abroad. Cotton and tropical fruits would be less easily obtained in Northern climes, and ice would be more scarce in Southern ones; but, in regard to the chief exchanges of a society like our own, there would be no suspension, even for a single instant. So far, indeed, would it be to the contrary, that, in many countries, commerce would be far more active than it had been before — the loss of ships producing a demand for the opening of mines, for the con-

struction of furnaces and engines, and for the building of mills, that would make a market for labor, mental and physical, such as had never before been known.

Let us next suppose that the ships had been spared, and that all the gold and silver, coined and not coined, mined and not mined, had been annihilated, and study the effect that would be produced. The reader of newspapers — finding himself unable to pay for them in beef or butter, cloth or iron — would be compelled to dispense with his usual supply of intelligence, and the journal would be no longer printed. Omnibuses would cease to run, for want of sixpences; and places of amusement would be closed, for want of shillings. Commerce among men would be at an end, except so far as it might be found possible to effect direct exchanges — food being given for labor, or wool for cloth. Such exchanges could, however, be few in number, and men, women, and children, would perish by millions, because of inability to obtain food and clothing in exchange for service. Cities whose population now counts by hundreds of thousands would, before the close of a single year, exhibit hundreds of blocks of unoccupied buildings, and the grass would grow in their streets. A substitute might, it is true, be found — men returning to the usages of those primitive times when wheat or iron, tobacco or copper, constituted the medium of exchange; but under such circumstances, society, as at present constituted, could have no existence. A pound of iron would be required to pay for a *Tribune* or a *Ledger*, and hundreds of tons of any of the commodities above referred to, would be needed for the purchase of the weekly emissions of either. Tons of them would be needed to pay for the food consumed in a single eating-house, or the amusement furnished in a single theatre; and how the wheat, the iron, the corn, or the copper, could be fairly divided among the people who had contributed to the production of the journal, the food, or the amusement, would be a problem entirely incapable of solution.

The precious metals, Mr. President, are to the social body what atmospheric air is to the physical one. Both supplying the machinery of circulation, the resolution of the physical body into its elements when deprived of the one, is not more certain than is that of the social body when deprived of the other. In both these bodies, the amount of force is dependent upon the rapidity of circulation. That it may be rapid, there must be a full supply of the machinery by means of which it is to be effected; and yet there are distinguished writers who mourn over the cost of maintaining the currency, as if it were altogether lost, while expatiating on the advantages of canals and railroads — not perceiving, apparently, that the money that can be carried in a bag, and that scarcely loses in weight with a service of half a dozen years, effects more exchanges than could be effected by a fleet of ships, many of which would, at the close of such a period of service, be rotting

on the shores on which they had been stranded, while the remainder would already have lost half of their original value.

Of all the labor-saving machinery in use, there is none that so much economizes human power, and so much facilitates combination, as that known by the name of money. Wealth, or the power of man to command the services of nature, grows with every increase in the facility of combination — this latter growing with the growth of the ability to command the aid of the precious metals. Wealth, then, should increase most rapidly where that ability is most complete.

Nevertheless, Mr. President, a study of our Treasury Reports of the last few years, would lead to the conclusion, that of all the machinery used by man, the ship was the most important, and the precious metals those that demanded least attention. Year after year, we are told of the wonderful growth of our tonnage; and that, too, by gentlemen who seem never to advert to the fact, that a single ship would carry more tons of food and wool, in the shape of cloth, than it can carry of hundred-weights, in their original form. The great object to be accomplished being, that of increasing the quantity of shipping, it seems almost surprising that we should not, as yet, have had a proposition to require the cotton to be exported in the seed, and the corn in the husk, as a means of increasing the bulk of the things to be transported, and thus augmenting the demand for ships. — Our whole policy looking to the export of our products in their rudest states — and thus maintaining, at its highest, the tax of transportation — and that being the road towards barbarism — it affords no cause for surprise, that our people are so frequently compelled to resort to the use of worthless rags, as furnishing the only means of circulation that are within their reach. — What are the circumstances which tend to increase the supply of money, and how we may be enabled to carry into effect your idea of a real specie circulation, I propose to show in another letter, remaining meanwhile, Mr. President,

Yours, very respectfully,

HENRY C. CAREY.

Philadelphia, January 25th, 1858.

LETTER FIFTEENTH.

FOR more than twenty years, Mr. President, the Federal government has been engaged in an almost unceasing effort to secure to itself the control of that great instrument of association known as money — the professed object of all its labors in that direction having been, the establishment of what has been termed "a hard money currency," to the entire exclusion of the paper circulation. The more it has labored, however, the less has been the stability of the currency — the periods distinguished by its most earnest efforts, having been those in which we have been most compelled to dispense with the use of the precious metals. But recently, money, as we were told, abounded — the channels of circulation having been, everywhere, filled with gold. Now, money of every kind, has almost altogether disappeared. "There is scarcely," says a recent traveller, "an Eastern bank-note to be found west of Cleveland, and any few dollars that may straggle this way are eagerly snapped up and sent East as a remittance. Gold is hidden, where it still lingers; but very much not only of this, but of silver change, has been gathered up and sent East. Nebraska bank-notes, generally of dubious solvency, and uniformly convertible into specie, or Eastern paper, only at a ruinous discount, corporation shinplasters, and even individual shinplasters — none of them regarded as of any value far outside of the shadow of the tall 'Banks' whence they are issued — are the accepted substitutes for money in most localities upon, and west of, the Mississippi. One of the Hutchinson brothers — who are now here, singing their way Eastward, from their new home in Minnesota — informed me, that he has been singing along four hundred miles, through Minnesota and Iowa — taking grain for music, wherever cash was unattainable, and has done very well by it. In one instance, a farmer drove up with eight bushels of corn in his sleigh, and his wife and six children seated thereon, saying, 'We have no money, but we all want to hear you, and corn is the best we can give you.' He accepted the corn very gladly, gave eight twenty-five-cent tickets in exchange for it, and sung it out."

Similar to this, Mr. President, was the state of things at the close of the first trial of that "free trade" system, which, as you have so clearly seen, we do *not*, at present, require. So was it, too, in 1840–41, at the close of the second experiment — the only difference between it and its predecessor, having been, that the second crisis was far more fearful than the first. So is it, now, when we are fast approaching the close of the third experiment —

each and every trial of the favorite policy of the central government, thus ending in the total disappearance of that "metallic basis" which it has so much desired to increase.

Why is this so? Because, Mr. President, your predecessors seem ever to have reflected, that, to be enabled to *use* any commodity, or thing, we must first enable ourselves to *get* it; and that, a regular influx of the precious metals is quite as necessary to the maintenance of a hard money circulation, as is an influx of hides and cotton, to enable us to wear shoes and shirts. While asserting that money is a mere commodity, they do not admit that it is subject to the same laws which govern other commodities. Had our policy tended to produce so great an export of cotton as to compel our people to go in rags, no one would have thought of charging the dealers in cotton with crime; and yet, while pursuing a policy that has, whenever tried, resulted in the disappearance of the precious metals, the fact of inability to produce them when demanded, has always been regarded as evidence of criminality in the banks — warranting new additions to the pains and penalties provided by existing laws. Year after year, since the central government undertook the regulation of the currency, have they been increased; and yet, despite the penalties, suspensions have occurred. They must continue to occur, until the central government shall come to appreciate the value of that very homely proverb, which teaches, that a boy cannot eat a cake and yet have it — thence learning, that a community cannot, more than an individual, pursue a course tending to promote the expulsion of the precious metals, and yet enjoy all the advantages attendant upon the maintenance of a specie circulation.

All commodities, Mr. President, go *from* those places at which their utility is small, *to* those at which it is great. Therefore it is, that cotton, wool, and other raw materials, tend towards those places at which employments are most diversified — it being there that the products of the farm command the largest quantity of money. Gold and silver follow in the train of raw materials; and for the reason, that where the farmer and the artisan are most enabled to combine, finished commodities are always cheapest. When Germany exported corn and wool, they were cheap, and she was required to export gold, to aid in paying for the cloth and paper she imported — the latter being very dear. Now she imports both wool and rags; her farmers obtain high prices for their products, and are enriched; and the gold comes to her, because cloth and paper are so cheap, that she sends them to the most distant quarters of the world. So is it with France, Belgium, Sweden, and Denmark — all of which are large importers of raw materials, and of gold. In all those countries, raw materials rise in price; *and the greater the tendency to rise, the more rapidly must the current of the precious metals set in that direction.* The

country that desires to increase its supplies of gold, and thus lower the price of money, is, therefore, required to pursue the course of policy tending most to raise the prices of raw material, and lower those of manufactures. This, however, is directly the opposite of the policy advocated by the British school, which seeks, in the cheapening of all the raw material of manufactures, the means of advancing civilization.

The proposition, Mr. President, above submitted for your consideration, is a very simple one, and yet, it is by its aid, if at all, that we shall arrive at a correct understanding of the cause of the difficulties under which we labor. The precious metals go *from* those countries in which employments are least diversified — *from* those, in which agriculture is least a science—*from* those, in which the yield of the land is least — *from* those, in which the land is becoming more and more exhausted — *from* those, in which the prices of the rude products of the earth are the lowest — *from* those, that are becoming more and more dependent upon trade — *from* those, in which domestic commerce declines — *from* those, in which men are becoming less free — *from* all those, therefore, which decline in civilization. They go *to* those countries in which employments are becoming more diversified — *to* those, in which agriculture is becoming more and more a science — *to* those, in which the yield of the land is largest — *to* those, in which the powers of the land increase — *to* those, in which the farmer's products command the highest prices — *to* those, which are becoming less dependent upon foreign trade — *to* those, in which there is a steady growth of the domestic commerce — *to* those, in which men are becoming less and less enslaved — *to* all those, therefore, in which, with each successive year, we are more and more presented with those phenomena which indicate advance in civilization.

Of the machinery in use by man, it is the most serviceable that is last obtained—the cart following the camel and the mule—the wagon following the cart — and the railroad car, with its locomotive, following the wagon. Of all the instruments given by the Creator for man's use, money is the one which performs the largest amount of service, in proportion to its cost; and therefore it is, that it is always the last to be obtained. Countries whose people are limited to the single pursuit of scratching the earth, can neither afford to buy nor keep it. Therefore it is, that the precious metals go from Portugal and Turkey, Brazil and Chili, California and Australia, in both of which latter, the price of money, as indicated by the rate of interest, is higher than in almost any other portion of the world. — Countries in which the pursuits of man are diversified — those, therefore, in which the prices of agricultural products tend to rise — *can* afford to buy and keep them; and that such diversification is essential to the existence of the power so to do, is proved by every fact in the

history of English commerce in the last century, and in those of all the advancing countries of Europe in the present one. — That power grows with the growth of domestic commerce, the only sure foundation, as you, Mr. President, have so clearly seen, of a great foreign one. In its existence, therefore, may be found the most conclusive proof of advancing civilization. Which have been the periods at which it has existed among ourselves, and how it has affected the supplies of gold, we may now inquire.

What was the commerce in the precious metals in the thirty years preceding the discovery of California, is shown by the following figures :—

	Excess exports.	Excess imports.
1821–1825	$12,,500,000	.....
1826–1829	.....	$4,000,000
1830–1834	.....	20,000,000
1835–1838 (a period of extensive foreign loans)	.....	34,000,000
1839–1842	9,000,000	.....
1843–1847 (foreign debt largely reduced)	.....	39,000,000
1848–1850	14,000,000	.....

In the closing years of the free trade system of 1817, Mr. President, the average excess of specie export was about $2,500,000 a year. Adding to this a similar amount, only, for the annual consumption, we obtain an absolute diminution of five-and-twenty millions — the population having, meantime, increased about ten per cent. Under such circumstances, it is no matter of surprise that those years are conspicuous among the most calamitous ones in all our history. At Pittsburg, flour then sold at $1.25 per barrel ; wheat, throughout Ohio, would command but 20 cents a bushel ; while a ton of bar iron required a little short of eighty barrels of flour to pay for it. Such was the state of affairs that produced the tariff of 1824 — a very imperfect measure of protection, but one that, imperfect as it was, changed the course of the current, and caused a *net* import, in the four years that followed, of $4,000,000 of the precious metals. In 1828, there was enacted the first tariff tending directly to the promotion of association throughout the country ; and its effects exhibit themselves in an excess import of the precious metals — averaging $4,000,000 a year — notwithstanding the discharge, in that period, of the whole of the national debt that had been held in Europe, amounting to many millions. Putting together the discharge of debt and the import of coin, the balance of trade in that period must have been in our favour to the extent of nearly $50,000,000 ; or an average of about $10,000,000 a year. As a consequence, prosperity existed to an extent never before known — the power to purchase foreign commodities having grown with such rapidity as to render it necessary greatly to enlarge the free list ; and then it was, that coffee, tea, and many other raw commodities, were emancipated from

the payment of any impost. Thus did efficient protection lead to a freedom of commerce, abroad and at home, such as had never before existed.

The first few years of the compromise tariff of 1833, profited largely by the prosperity caused by the act of 1828, and the reductions under it, were then so small, that its operation was but slightly felt. In those years, too, there was contracted an enormous foreign debt — stopping the export of specie, and producing an excess import averaging more than $8,000,000 a year. Prosperity *seemed* to exist, but it was of the same description that has marked the last few years, during which the value of all property has depended entirely upon the power to contract debts abroad— thus placing the nation more completely under the control of its distant creditors.

In the succeeding years, the compromise became more fully operative.* Furnaces and factories were closed, with constantly increasing necessity for looking abroad for the performance of all exchanges, and corresponding necessity for remitting money to pay the balance due on the purchases of previous years. Nevertheless, the annual specie export averaged little more than $2,000,000; but if to this be added, a consumption of only $3,000,000 a year, we have a reduction of $20,000,000; the consequences of which were seen, in an almost total suspension of domestic commerce. The whole country was in a state of ruin. Laborers were everywhere out of employment, and being still consumers, while producing nothing, the power of accumulation ceased, almost, to exist. Debtors being everywhere at the mercy of creditors, sales of real estate were chiefly accomplished by help of the sheriff, whose perquisites were then larger than they had been at any time from the date of the Constitution.

The change in the value of labor, consequent upon the stoppage of the circulation that followed this trivial export of the precious metals, cannot, Mr. President, be placed at less than $500,000,000 a year. Wages were low, even where employment could be obtained; but a large portion of the labor-power of the country was totally wasted, and the demand for mental power diminished even more rapidly than that for physical exertion. In the prices of land, houses, machinery of all kinds, and other similar property, the reduction counted by thousands of millions of dollars; and yet, the difference between the two periods ending in 1833 and 1842, in regard to the monetary movement, was only that between an excess import of $5,000,000, and an excess export of $2,500,000, or a total of $7,500,000 a year. No one who

* One-tenth of the excess over 20 per cent. was reduced in December, 1833; another tenth in 1835; a third in 1837; a fourth in 1839; the remaining excess of duties being then equally divided into two parts, to be reduced in 1841 and 1842.

studies these facts, can fail to be struck with the wonderful power over the fortunes and conditions of men, exerted by the metals provided by the Creator, for furthering the work of association among mankind. With the small excess of import in the first period, there was a steady tendency towards equality of condition among the poor and the rich, the debtor and the creditor; whereas, with the slight excess of export in the second one, there was a daily increasing tendency towards inequality — the poor laboror and the debtor, passing steadily more under the control of the rich employer, and the wealthy creditor.

Of all the machinery furnished for the use of man, there is none, Mr. President, so equalizing in its tendency as that known by the name of money; and yet economists would have the world believe that the agreeable feeling which, everywhere, attends a knowledge that it is flowing in, is evidence of ignorance — any reference to the question of the favorable or unfavorable balance of trade, being beneath the dignity of men who fancy they are following in the footsteps of Hume and Smith. It would, however, be as difficult to find a single prosperous community that is not, from year to year, making itself *a better customer to the gold-producing countries*, as it would be to find one that is not becoming a better customer to those which produce silk, or cotton. To be an improving customer, there must be in its favor a steadily increasing balance of trade, to be settled by payment in the commodity for whose production the country is fitted, whether that be cloth, or tobacco, silver or gold.

The condition of the nation at the date of the passage of the act of 1842, was, Mr. President, humiliating in the extreme. The Treasury — unable to obtain at home the means required for administering the government, even on the most economical scale — had failed in all its efforts to negotiate a loan at six per cent., even in the same foreign markets in which it had but recently paid off, at par, a debt bearing an interest of only three per cent. Many of the States, and some even of the oldest of them, had been forced to suspend the payment of interest on their debts. The banks, to a great extent, being in a state of suspension, those which professed to redeem their notes, found their business greatly restricted by the increasing demand for coin to go abroad. The use of either gold or silver as currency had almost altogether ceased. The Federal government, but recently so rich, was driven to the use of inconvertible paper money, in all its transactions with the people. Of the merchants, a large portion had become bankrupt. Factories and furnaces being closed, hundreds of thousands of persons were totally unemployed. Commerce had scarcely an existence — those who could not sell their own labor, being unable to purchase that of others.

Nevertheless, deep as was the abyss into which the nation had

been plunged, so magical was the effect of the adoption of a system tending to the creation of a favorable balance of trade, that scarcely had the act of August, 1842, become a law, when the government found that it could have all its wants supplied at home. Mills, factories, and furnaces, long closed, were again opened; labor came again into demand; and, before the close of its third year, prosperity almost universal reigned. States recommenced the payment of interest on their debts. Railroads and canals again paid dividends. Real estate had doubled in value, and mortgages had been everywhere lightened; and yet the total net import of specie in the first four years, was but $17,000,000, or $4,250,000 per annum! In the last year occurred the Irish famine, creating a great demand for food; the consequence of which was, an import of no less than $22,000,000 of gold — making a total import, in five years, of $39,000,000. Deducting from this but $4,000,000 per annum for consumption, it leaves an annual increase, for the purposes of circulation, of less than $5,000,000; and yet the difference in the prices of labor and land in 1847, as compared with 1842, would be lowly estimated, if placed at only $2,000,000,000.

With 1847, however, there came another change of policy — the nation being again called upon to try the system under which it had been prostrated in 1840–'42. The doctrines of Hume and Smith, in reference to the balance of trade, were again adopted as those by which a government was to be directed in its movements. Protection being then repudiated, the consequences were speedily seen in the fact, that within three years, factories and furnaces were again closed, labor was seeking demand, and gold was flowing out even more rapidly than it had come in, under the tariff of 1842. The excess export of those three years amounted to $14,000,000; and if to this be added $15,000,000 for consumption, it follows that the reduction was equal to the total increase under the previous system. Circulation was rapidly diminishing, and a crisis was close at hand, when, fortunately for the advocates of the existing system, the gold deposits of California were brought to light. Since that time, we have exported some hundreds of millions of dollars of gold, and have contracted some hundreds of millions of foreign debt; and the result is seen, in the facts, that money has ceased to circulate — that the primitive form of barter is taking the place of the more civilized form of purchase and sale — that merchants, by thousands, are utterly bankrupt — that counties, towns, and cities, are unable to pay the interest on their debts — that commerce scarcely exists — and that, the Federal treasury is forced to the use of treasury notes, *which are already at a discount, when compared, even, with irredeemable bank notes.*

Such, Mr. President, is the result, as thus far reached, of the

regulation of the currency by the central government. Such must it continue to be, and for the reason that, while the government is unceasing in its efforts to *compel* the people to forego the use of bank notes, it is equally unceasing in its efforts to reduce the prices of all the products of the soil, and thus *compel* the export of the precious metals. Under a different policy, gold and silver — flowing steadily in — would gradually take the place of paper; but, under the existing one, if fully carried out, we must be reduced to barter — bank notes not being permitted to circulate, and the precious metals not being permitted to remain amongst us. Look in what direction we may, Mr. President, we meet, at home, with evidences of declining civilization; but nowhere can higher proof be found, than in the history of the crusade of the central government against the local banks and their circulation.

Yours, very respectfully,

HENRY C. CAREY.

Philadelphia, January 29th, 1858.

LETTER SIXTEENTH.

"In every kingdom into which money begins to flow in greater abundance than formerly, everything," says Mr. Hume, in his well-known Essay on Money, "takes a new face: labor and industry gain life; the merchant becomes more enterprising, the manufacturer more diligent and skilful; and even the farmer follows his plough with more alacrity and attention."

That this is so, Mr. President, is well known to all. Why should it be so? Because the circulation of society then increases, and all power — whether in the physical or social world — results from motion. When money is flowing in, every man is enabled to find a purchaser for his labor, and to become a purchaser of that of others. Therefore has it been, that commerce has so steadily increased in those countries in which the Californian and Australian products have so rapidly accumulated — France, Germany, and Northern and Western Europe generally. When, on the contrary, money flows out, the circulation diminishes, and labor is everywhere wasted. That labor-power being capital, the result of the consumption of other capital in the form of food, all the difference between an advancing and a declining state of society, is found in the fact, that in the one, there is a constant increase in the rapidity with which the demand for muscular or mental power follows its production, while in the other, there is a daily diminution therein. The more instantly the demand follows the supply, the more is the force economized, and the larger is the power of accumulation. The longer the interval between production and consumption, the greater is the waste of force, and the less is the power of accumulation.

Of all the machinery in use among men, there is none that exercises upon their actions so great an influence, as that which gathers up and divides and subdivides, and then gathers up again, to be on the instant divided and subdivided again, the minutes and quarter-hours of a community. It is the machinery of association, and the *indispensable* machinery of progress; and therefore it is, that we see in all new, or poor, communities so constant an effort to obtain something to be used in its stead; as is shown in various countries in which an irredeemable paper constitutes the medium of exchange. Throughout the West, a currency of some description is felt to be among the prime necessities of life. So well is this want understood, that many Eastern banks supply notes expressly for Western circulation — the people there passing them from hand to hand, because any money is better than none, and good they cannot get, for the reason that metallic money always flows *from* the place where the charge for its use is high, *to* that

at which it is low. The rate of interest in the West is now enormous, but each successive day witnesses the export of gold to the East, where it is somewhat less; and yet, even our high interest—ranging, as it has done for years, between ten and thirty per cent. per annum—cannot prevent it from going to France and Germany, where it commands but five or six per cent. Money thus obeys the same law as water—*seeking always the lowest level.* The latter falls upon the hills, but, from the moment of its fall, it never stops until it reaches the ocean; nor does the gold of California, or the silver of Mexico, stop until it reaches that point at which money most abounds, and at which, for that reason, the price paid for its use is lowest.

Of all the commodities in use by man, the precious metals are those, Mr. President, whose movements furnish the most perfect test of the soundness, or unsoundness, of its commercial system. They go *from* those countries whose people are engaged in exhausting the soil, *to* those in which they renovate and improve it. They go *from* those at which the price of raw products, and the land itself, is low—*from* those at which money is scarce, and interest is high. The country that desires to attract them, and thus to lower the charge for the use of money, has, then, only to adopt the measures required for raising the price of land and labor. In all countries, the value of land grows with that development of the human faculties which results from diversity in the modes of employment, and consequent growth of the power of combination. That power grows in all the countries of Northern Europe; and for the reason, as has been shown, that all those countries have adopted the course of policy recommended by Colbert, and carried out by France. It declines in Great Britain, in Ireland, in Portugal, in Turkey, in the Eastern and Western Indies, and in all countries that follow the teachings of the British school. It has grown among ourselves in every period of protection; and then—money having flowed in—land and labor have risen in value. It has diminished in every period in which foreign trade has obtained the mastery over domestic commerce. Land and labor have always declined in value as soon as our people had eaten, drunk, and worn foreign merchandise to the extent of hundreds of millions of dollars, beyond the value of their exports of the rude products of the soil, and have thus compelled the withdrawal of the "metallic basis" of their paper circulation.

We are told, however, by the same writer—Mr. Hume—and in that he is followed by the modern economists—that the only effect of an increase of the supply of gold and silver is that of "heightening the price of commodities, and obliging every one to pay more of those little yellow or white pieces for everything he purchases." Were such really the case, it would be little short of a miracle, that we should see money always, century after century, passing in the same direction—to the countries that are rich

from those that are poor; so poor, too, that they cannot afford to keep as much of it as is required for their own exchanges. The gold of Siberia leaves a land in which so little circulates, that labor and its products are at the lowest prices, to find its way to St. Petersburg, where it will purchase less labor, and less of either wheat or hemp, than it would do at home; and that of Carolina and Virginia goes steadily and regularly, year after year, to the countries to which the people of those States send their cotton and their wheat, because of the higher prices at which they sell. The silver of Mexico, and its cochineal, travel together to the same market; and the gold of Australia passes to Britain by the ship which carries the wool yielded by the flocks.

Every addition to the stock of money, as we are assured by the ingenious men of modern days, engaged in compiling treasury tables and finance reports, renders a country a good place to sell in, but a bad one in which to purchase. To what countries, however, is it, that men have most resorted when they desired to purchase? Have they not, until recently, gone, almost exclusively, to Britain? It has been so, assuredly; and for the reason, that there it has been, that finished commodities were cheaply furnished. Where have they gone to sell? Has it not been to Britain? It certainly has been so; and for the reason, that there it was, that gold, cotton, wheat, and all other of the rude products of the earth, were dear. Where do they now most tend to go when they desire to purchase cloths or silks? Is it not to France and Germany? So it certainly is; and for the reason, that there it is that raw materials are highest, and finished ones are cheapest. Gold follows in the train of raw materials generally — these last being found, invariably, travelling to those places at which the rude products of the earth command the highest prices, while cloth, iron, and manufactures of iron and other metals, may be purchased at the lowest; and the greater the flow in that direction, the greater is the tendency to further enhancing the prices of the former, and reducing those of the latter. From this it would seem, Mr. President, that increase in the supply of money, so far from having the effect of causing men to give two pieces for an article that could before have been had for one, has, on the contrary, that of enabling them *to obtain for one piece the commodity that before had cost them two;* and that such is the fact, can readily be shown.

The stock of gold among ourselves, has, within the last few years, been much increased; and yet, so far is it, from producing the effects above described, that the prices of wheat, cotton, tobacco, and all our other products, now steadily decline, and the farmer and planter have in prospect, lower prices than they have ever seen. Why, Mr. President, is this the case? Because, for more than twenty years, the central government has been engaged in an almost unceasing effort to promote the habit of hoarding the precious metals, and thus — by lessening their power of circu-

lation — has almost annihilated their utility. Because, in the vain hope of establishing, by means of such measures, "a hard money currency," it has waged an almost unceasing war upon public and private credit — prohibiting the use of circulating notes in all transactions in which it is itself concerned, and urging upon the local authorities, the necessity for following its example. With it, freedom of trade in reference to the most important of all the commodities in use by man, has not consisted in letting the people think and act for themselves, but in *compelling* them to act in obedience to its mandates.

The use of circulating notes tends, however, as we are assured, to promote the expulsion of gold. Were it to do so, Mr. President, it would be in opposition to the great general law, in virtue of which all commodities tend *to*, and not *from*, the places at which their utility is greatest. Cotton-wool tends to go *from* the plantation, and *to* the mill. Hides tend to go *from* the farm, and *to* the tanner's yard. Gold and silver tend to go *from* Peru and California, and *to* those places at which such metals are most required in the arts, and at which industry is most diversified — the same laws thus governing all commodities, be they what they may.

A bank, Mr. President, is a machine for utilizing money, by enabling A, B, and C, to obtain the use of it at the time when D, E, and F, its owners, do not need its services. The direct effect of the establishment of such institutions in European cities has always been to cause money to flow *towards* those cities; and for the reason, that there its utility stood at the highest point. Even then, however, there were difficulties attendant upon the change of property in the money deposited with the bank — the owner having been required to go to the banking-house, and write it off to other parties. To obviate this difficulty, and thus increase the utility of money, its owners were at length authorized to draw checks, by means of which they were enabled to transfer their property — without stirring from their houses.

The difficulty still, however, existed, that — private individuals not being generally known — such checks could, in general, effect but a single transfer; and thus, the recipient of money found himself obliged to go through the operation of taking possession of that which had been transferred to him, after which he had, in his turn, to draw a check, when he himself desired to effect another change of property. To obviate this, circulating notes were invented, by help of which the ownership of money is now transferred with such rapidity, that a single hundred dollars passes from hand to hand fifty times a day — effecting exchanges, perhaps, to the extent of many thousand dollars, and without the parties being at any time required to devote even a single instant to the work of counting coin. This was a great invention, by aid of which the utility of money was so much increased, that a

single thousand pieces could be made to do more work than, without it, could be done by hundreds of thousands.

This, of course, as we are told, supersedes gold and silver, and causes them to be exported. So we are certainly assured, by those economists who regard man as an animal that must be fed, and will procreate — as a slave, who can be made to work only under the pressure of a strong necessity. Were they, however, to look, for once, at the real MAN — the being made in the image of his Creator, and capable of almost infinite elevation — they would, perhaps, arrive at a conclusion widely different. The desires of *that* man being infinite, the more they are gratified, the more rapidly do they increase in number. The miserable Hottentot dispenses with a road of any kind, but the enlightened and intelligent people of other countries, are seen passing in succession from the ordinary village road to the turnpike, and thence to the railroad; *and the better the existing communications, the greater is the thirst for further improvement.* The better the schools and houses, the greater is the desire for superior teachers, and for further additions to the comforts of the dwelling. The more perfect the circulation of society, the larger is the reward of labor, and the greater is the power to purchase gold and silver, to be used for the various purposes for which they are so admirably fitted; and the greater is the tendency to have them flow to the places at which that circulation is established. Money promotes the circulation of society. The check and the bank note stimulate that circulation — giving thereby value to labor and land; and wherever checks and notes are most in use, there, Mr. President, should the inward current of the precious metals be most fully and firmly established.

That such *is* the case, is proved by the facts, that, for a century past, the precious metals have tended most to Britain, where such notes were most in use. Their use increases rapidly in France, with constant increase in the inward flow of gold. So, too, does it in Germany, towards which the auriferous current now sets so steadily, that notes which are the representatives of money, are rapidly taking the place of those irredeemable pieces of paper, by which the use of coin has so long been superseded.

Whence flows all this gold? *From* the countries in which employments are not diversified; *from* those, in which there is little power of association and combination; *from* those, in which, therefore, credit has no existence; *from* those, finally, which do not use that machinery which so much increases the utility of the precious metals, and which we are accustomed to designate by the term *bank-note.* The precious metals go *from* California — *from* Mexico — *from* Peru — *from* Brazil — *from* Turkey — and *from* Portugal — the lands in which property in money is transferred only by means of actual delivery of the coin itself — *to* those, in which it is transferred by means of a check, or note. They go *from*

the plains of Kansas, where notes are not in use, *to* New York and New England, where they are — *from* Siberia *to* St Petersburg — *from* the banks of African rivers *to* London and Liverpool — and *from* the "diggings" of Australia *to* the towns and cities of Germany, where wool is dear and cloth is cheap.

All the facts exhibited throughout the world tend, Mr. President, to prove that every commodity seeks that place at which it has the highest utility; and all those connected with the movement of the precious metals prove that they constitute no exception to the rule. Bank notes — increasing the utility of those metals — should, therefore, attract, and not repel, them. Nevertheless, the two nations of the world which claim best to understand the principles of commerce, are now engaged in a crusade against such notes; and in the vain hope of thereby rendering their several countries more attractive of the produce of the mines of Peru and Mexico, Australia and California. The result is seen in the fact, that both are nearly bankrupt.

It is a great mistake; and its existence here is due to the fact, that our system of policy tends to that expulsion of the precious metals, which always *must* result from the long-continued export of the raw products of the earth. The administration that adopted what is called free trade, was the same that commenced the system of *compelling* the community to use gold instead of notes; and the result was found in the total disappearance of coin from circulation. From that time to the present, the motto of the generally dominant party of the Union has been— "War to the death against bank notes"; and, with a view to promote their expulsion, laws have been passed in various States, forbidding their use, except when of too great size to enter freely into the transactions of the community. As must, however, inevitably be the case, the tendency to the loss of the precious metals has always been in the direct ratio of the diminution in their utility thus produced. At one time only, in almost twenty years, has there been an excess import of those metals, and that was under the tariff of 1842. Then, money became abundant and cheap; because the policy of the country looked to the promotion of association and the extension of domestic commerce. Now, it is scarce and dear; because that policy limits the power of association, and establishes the supremacy of trade.

Careful study of these facts, can scarcely, Mr. President, fail to satisfy you, that the cause of difficulty lies wholly in the central government; and that, to that government it is, we are to look for change. The expansions and contractions of which you so much, and so justly too, complain, having all occurred in those periods in which the policy of the Union has tended towards the sacrifice of domestic commerce — towards the exhaustion of the soil — towards the depression of the prices of the farm and the plantation — and towards the expulsion of our people from the

older States, the remedy is to be found in the adoption of one which shall look to the extension of domestic commerce — to the creation of a *real* agriculture — to the elevation of the rewards of labor employed upon the land — and to the concentration of our population. That policy, Mr. President — giving us that real free trade which you so much admire — would enable us to import, and to retain, abundant supplies of the precious metals, and thus to establish, upon a sure foundation, the hard money currency you so anxiously desire.

"No other nation," as you most truly say, "has ever existed, which could have endured such violent expansions and contractions of paper credits, without lasting injury." No other nation has been so unfortunate as to have a government always at war with public and private credit; and none other, after so long a period of intestine war, could have retained so much vitality. — Let the central government, Mr. President, review its action during the last twenty years — let it see that its policy has looked to the destruction of that internal commerce upon which, alone, a prosperous foreign one can be built — let it follow in the footsteps of the patriots of the Revolution — and your hopes in the future will all be realized — "the buoyancy of youth, the energies of our population, and the spirit which never quails before difficulties," then, but not otherwise, enabling us "to recover from our financial embarrassments," and "even occasioning us speedily to forget the lessons they have taught." Each and every period of what is called free trade, having ended in bankruptcy, on each and every occasion, general wealth, peace, happiness, and constantly increasing power, have resulted from the adoption of protection. So, Mr. President, must it ever be — the depression and ruin of the agricultural interest being the necessary consequences of the former of these systems, and its elevation having always resulted from the adoption of the latter.

With great respect,

Your obed't servant,

HENRY C. CAREY.

Philadelphia, February 2d, 1858.

LETTER SEVENTEENTH.

Civilized communities — those communities, Mr. President, which have obtained that freedom of domestic intercourse which, as you have seen, we so sorely need — follow the advice of Adam Smith, in exporting their wool, and their corn, in the form of cloth, at little cost for transportation. Thus, France, in 1856, exported silks and cloths, clothing, paper, and articles of furniture, to the extent of $300,000,000; and yet the total weight was short of 40,000 tons — requiring for its transport but forty ships of very moderate size.

Barbarous, and semi-barbarous countries, on the contrary, export their commodities in their rudest state, at heavy cost for transportation. India sends the constituents of cloth — cotton, rice, and indigo — to exchange, in distant markets, for the cloth itself. Brazil sends raw sugar across the ocean, to exchange for that which has been refined. We send wheat and Indian corn, pork and flour, cotton and rice, fish, lumber, and naval stores, to be exchanged for knives and forks, silks and cottons, paper and China-ware. The total value of these commodities exported in 1856 — high as were then the prices — was only $230,000,000; and yet, the American and foreign ships engaged in the work of transport, were of the capacity of 6,872,253 tons — requiring for their management no less than 269,000 persons.*

In the movement of all this property, Mr. President, there is great expense for transportation. Who pays it? Ask the farmer of Iowa, and he will tell you, that he sells for 15 cents — and that, too, payable in the most worthless kind of paper — a bushel of corn that, when received in Manchester, commands a dollar; and that he, in this manner, gives to the support of railroads and canals, ships and sailors, brokers and traders, *no less than eighty-five per cent. of the intrinsic value of his products.* Ask him once again, and he will tell you, that while his bushel of corn will command, in Manchester, 18 or 20 yards of cotton cloth, he is obliged to content himself with little more than a single yard — *eighty-five per cent. of the clothing power of his corn having been taken, on the road,* as his contribution towards the tax imposed upon the country, for the maintenance of the machinery of that "free trade" which, as you, Mr. President, have so clearly seen, is the sort of freedom we do *not,* at present, need.

The country that exports the commodity of smallest bulk, is

* This is the total tonnage that arrived from foreign countries, in that year. A small portion was required for the transport of manufactured commodities, but it was so small as scarcely to require notice.

almost wholly freed from the exhausting tax of transportation. At Havre — ships being little needed for the outward voyage, while ships abound—the outward freights must be always very low.

The community that exports the commodities of greatest bulk, must pay nearly all the cost of transportation. A score of ships being required to carry, from our ports, the lumber, wheat, or naval stores, the tobacco, or the cotton, required to pay for a single cargo of cloth, the outward freights must always be at, or near, that point which is required to pay for *the double voyage* — and every planter knows, to his cost, how much the price of his cotton is dependent upon the rate of freight.

In the first of these, Mr. President, employments become, from day to day, more thoroughly diversified — the various human faculties become more and more developed — the power of combination tends steadily to increase — agriculture becomes more and more a science — the land becomes more productive — the societary movement becomes more stable and regular — and the power to purchase machinery of every kind, whether ships, mills, or the precious metals, tends steadily to augment.

In the last, the reverse of this is found — the pursuits of men becoming less diversified — the demand for human faculty becoming more and more limited to that for mere brute force, or for the craft by which the savage is so much distinguished — the power of association tending to decline — agriculture becoming less and less a science, and the land becoming more and more exhausted— the societary movement acquiring, more and more, the fitfulness and irregularity of movement you have so well described, as existing among ourselves — and the power to obtain machinery of any kind tending steadily to diminish.

The first of these, Mr. President, may be found in the countries of Central and Northern Europe — those which follow in the lead of Colbert and of France. All of these, are gradually emancipating themselves from the most oppressive of all taxes, the tax of transportation. All of them, therefore, are moving in the direction of growing wealth and power, with correspondent advance in civilization, and in freedom.

The last may be found in Ireland, India, Jamaica, Portugal, Turkey, and these United States — the countries which follow in the lead of England. All of these, are becoming more and more subjected to the tax of transportation. All of them, therefore, are declining in wealth and power, in civilization, and in freedom.

In the first, the land yields more and more with each successive year — with constant increase in the power of a bushel of wheat, or a pound of wool, to purchase money. In the last, the land yields less from year to year, with constant tendency to decline in the price of food and cotton. The first, import the precious metals. The last, export them. The first, find daily increase of power to maintain a specie circulation, as the basis of the higher and better

currency supplied by banks. The last, are gradually losing the power to command a circulation of any kind, and tending, more and more, towards that barbaric system of commerce which consists in exchanging labor against food, or wool and corn against cloth.

We may be told, however, Mr. President, that in return for the eighty-five per cent. of his products that, as we see, is paid by the farmer of Iowa, and by the Texan planter, we are obtaining a magnificent system of railroads — that our mercantile marine is rapidly increasing — that, by its means, we are to secure the command of the commerce of the world, &c., &c. How far all this is so, we may now inquire. To me, it certainly appears, that if this be, really, the road to wealth and power — it would be well to require the exportation of wheat instead of flour, paddy in place of rice, cotton in the seed, corn in the ear, and lumber in the shape of logs, rather than in that of planks.

Looking, first, to our internal commerce, we find a mass of roads, most of which have been constructed, by help of bonds, bearing interest at the rate of 6, 8, or 10 per cent. — bonds that have been disposed of, in the market, at 60, 70, or 80 per cent. of their nominal value, and could not now, probably, be re-sold at more than half the price at which they were originally bought. Half made, and little likely ever to be completed, these roads are worked at great expense — while requiring constant and great repairs. As a consequence of this it is, that the original proprietors have almost wholly disappeared—the stock being of little worth. The total amount applied to the creation of railroads having been about $1000,000,000, and the average present value scarcely exceeding 40, if even 30, per cent., it follows that $600,000,000 have been sunk, and with them, all power to make new roads. Never, at any period of our history, have we been, in this respect, so utterly helpless as at present. Nevertheless, the policy of the central government looks steadily to the dispersion of our people, to the occupation of new territories, to the creation of new States, and to the production of a necessity for further roads. That, Mr. President, is the road to physical and moral decline, and political death, as will soon be proved, unless we change our course.

The railroad interest being in a state of utter ruin, we may now turn to the shipping one, with a view to see how far we are likely, by its aid, to obtain that command of the commerce of the world, so surely promised to us, by the author of the tariff of '46. Should that prove to be moving in the same direction, the fact will certainly afford new and stronger proof of the perfect accuracy of your own views, Mr. President, as to the sort of freedom we so much require.

In a state of barbarism—person and property being insecure—the rate of insurance is high. Passing thence towards civiliza-

tion, security increases, and the rate of insurance declines, as we see it to be so rapidly doing, in reference to fire, in all the advancing countries of Europe. Our course, in reference to shipping, being in the opposite direction — security diminishing, when it should increase — the rate of insurance steadily advances, as here is shown : —

Rates of Insurance upon American Ships.

	1846.		1858.	
To Cuba	1¼	per cent.	1½ to 2	per cent.
" Liverpool	1¼	"	1½ to 2	"
" India and China	1¾	"	2½	"
To and from Liverpool, on packet-ships, annual rates	5	"	8	"

To what causes, Mr. President, are we to attribute this extraordinary change? May it not be found in the fact, that the more we abandon domestic commerce, and the larger the amount of taxation imposed upon our farmers for the maintenance of transportation, the greater becomes the recklessness of those who gain their living out of that taxation? Look back to the last free trade period — that from 1837 to 1841 — and you will find phenomena corresponding precisely with those which are now exhibited, although not so great in magnitude. At present, the utter recklessness — the total absence of conscientious feeling — here exhibited, is such as to astonish the thinking men of Europe. Railroad accidents have become so numerous as scarcely to attract even the momentary attention of the reader, and the loss of life becomes greater from year to year. Steamers are exposed to the storms of the lakes, that are scarcely fit to navigate our rivers. Ships that are unfit for carrying insurable merchandise, are employed in the carriage of unfortunate passengers — they being the only commodity, for whose safe delivery the ship-owner cannot be made responsible. Week after week, the records of our own and foreign courts, furnish new evidence of decline in the feeling of responsibility which, thirty years since, characterized the owners of American ships, and the men therein employed.

Look where we may, Mr. President, on the sea, or on the land, evidences of demoralization must meet our view. "Stores and dwellings" — and here I give the words of a New York journal— "are constructed of such wretched materials as scarcely to be able to sustain their own weight, and with apologies for walls which tumble to the ground, after being exposed to a rain of a few hours' duration, or to a wind which possesses sufficient force to set the dust on the highways in motion. Entire blocks of edifices are put up, with the joists of all so connected with each other, as to form a complete train for the speedy communication of fire from one to another. Joists are built into flues, so that the ends are exposed to becoming first heated, and then ignited by a flying spark.

Rows of dwellings and warehouses are frequently covered with a single roof, which has not, in its whole extent of combustible material, a parapet wall, or other contrivance, to prevent the spread of the flames in the event of a conflagration."

The feeling of responsibility, Mr. President, grows with the growth of real civilization. It declines with the growth of that mock civilization, but real barbarism, which has its origin in the growing necessity for ships, wagons, and other machinery of transportation. The policy of the central government tends steadily towards its augmentation, and hence it is, that American shipping so steadily declines in character, and in the proportions which it bears to that of the foreigners with whom we are required to compete.

Two years since, we were told, that our shipping already exceeded 5,000,000 tons — that we had become the great maritime power of the world — and, of course, that this great fact was to be received as evidence of growing wealth and power. Last year, however, exhibited it as standing at only 4,871,000 tons, and future years are likely to show a large decrease — ships having become most unprofitable. More than four-fifths of the products of Western farms, and South-western plantations, are, as we have seen, taken for the support of railroads and ships; and yet, the roads are bankrupt, while the ships have done little more, for some years past, than ruin the men who owned them. Such being the case, it seems little likely, that it is by means of sailing ships we are to acquire that control of the commerce of the world, so confidently promised when, in 1846, we were led to abandon the policy which looked to the creation of a domestic commerce, as the true foundation of a great foreign one. What are the prospects in regard to that higher description of navigation, which invokes the aid of steam, I propose to show in another letter — remaining, meanwhile, Mr. President,

Yours, very respectfully,

HENRY C. CAREY.

Philadelphia, February 6th, 1858.

LETTER EIGHTEENTH.

Every improvement in the construction of the ship tends to lessen the proportion borne by her tonnage, to the weight of the commodities to be moved. Every improvement in the quality of the commodities moved, tends to augment the proportions borne by the value transported, to the tonnage of the ships required for its transportation. Here, Mr. President, is a simple principle, by aid of which we may, perhaps, be enabled to arrive at some conclusion in reference to the tendency of our present policy — progress towards civilization having, everywhere, manifested itself in a diminution in the proportions borne by the machinery of transportation, to the value of the things transported.

In the first year which followed the adoption of the Compromise tariff, that of 1834–5, we sent abroad, cotton and tobacco, food and lumber, to the amount of $92,000,000; and in that year, the shipping, domestic and foreign, that cleared for foreign ports, amounted to 2,030,000 tons. Six years later, in 1840–41, when that tariff had but begun to operate, we exported, of the same rude products, $98,000,000 — the quantity of shipping clearing from our ports having, in the same period, risen to 2,353,000 tons. Two years since, as has been shown, the total value of these exports was $230,000,000, while the quantity of shipping leaving our ports amounted to little less than seven millions of tons — the increase in the former, in twenty years, having been but 150 per cent., while that of the latter had been little short of 350 per cent.

If there is, Mr. President, any single proposition in social science, that cannot be disputed, it is, that wealth, civilization, and power, increase in the ratio of the diminution of the machinery required for performing the work of transportation. On the turnpike, a single horse performs the work, that before had been done by two; and, on the railroad, a single car transports as great a weight as, at first, had been done by hundreds of horses and men, carts and wagons. With every movement in that direction, land becomes more valuable, and man becomes more free. With each and every one in the opposite direction, the value of land declines, and man becomes more and more enslaved.

The first and heaviest tax, Mr. President, to be paid by land and labor is that of transportation; and it is the only one, to which the claims of the State itself are forced to yield precedence. Increasing in geometrical proportion, as the distance from market increases arithmetically, therefore it is, that agreeably to tables

recently published, corn that would produce at market $24.75 per ton, is worth nothing, at a distance of only a hundred and sixty miles, when the communication is by means of the ordinary wagon road — the cost of transportation being equal to the selling price. By railroad, under ordinary circumstances, that cost is but $2.40— leaving to the farmer $22.35, as the amount of tax saved to him by the construction of the road; and if we now take the product of an acre of land, as averaging a ton, the saving is equal to interest, at six per cent., on $370 an acre. Assuming the product of an acre of wheat to be twenty bushels, the saving is equal to the interest on $200; but, if we take the more bulky products — hay, potatoes, and turnips — it will be found to amount to thrice that sum. Hence it is, that an acre of land, near London, sells for thousands of dollars, while one of exactly equal quality may be purchased in Iowa, or Wisconsin, for little more than a single dollar. The owner of the first enjoys the vast advantage of the endless motion of its products — taking from it several crops in the year, and returning to it, at once, a quantity of manure equal to all he had abstracted; and thus improving his land from year to year. He is *making* a machine; whereas, his western competitor, forced to lose the manure, is *destroying* one. Having no transportation to pay, the former can raise those things of which the earth yields largely — as potatoes, carrots, or turnips; or those whose delicate character forbids that they should be carried to distant markets; and thus does he obtain a large reward for that continuous application of his faculties, and of his land, which results from the power of combination with his fellow-men.

In the case of the latter, all is widely different. Having heavy transportation to pay, he cannot raise potatoes, turnips, or hay, because of them, the earth yields by tons; as a consequence of which, they would be almost, even when not wholly, absorbed on the road to market. He may raise wheat, of which the earth yields by bushels; or cotton, of which it yields by pounds; but if he raise even Indian corn, he must manufacture it into pork, before the cost of transportation can be so far diminished, as to enable him to obtain a proper reward for labor. Rotation of crops being, therefore, a thing unknown to him, there can be no continuity of action, in either himself or his land. His corn occupies the latter but a part of the year, while the necessity for renovating the soil, by means of fallows, causes a large portion of his farm to remain altogether idle—although the cost of maintaining roads and fences is precisely the same, as if every acre were fully occupied.

His time, too, being required only for certain portions of the year, much of it is altogether lost — as is that of his wagon and horses—the consumption of which latter is just as great as if they were always at work. He, and they, are in the condition of steam-engines, constantly fed with fuel, while the engineer as

regularly wastes the steam that is produced — a proceeding involving heavy loss of capital. Further stoppages of employment — both for his land and for himself — resulting from changes in the weather, are consequent upon this limitation in the variety of things that may be cultivated. His crop, perhaps, requires rain that does not come, and his corn, or cotton, perishes of drought. Once grown, it requires light and heat, but in their place come clouds and rain; and it and he are nearly ruined. The farmer near London, or Paris, is in the condition of an underwriter, who has a thousand risks, some of which are maturing every day; whereas, the distant one is in that of a man who has risked his whole fortune, on a single ship. Having made the voyage, she arrives at the entrance of her destined port, when, striking on a rock, she is lost, and her owner is ruined. Precisely such is the condition of the farmer who — having his all at risk on his single crop — sees it destroyed by blight, or mildew, almost at the moment when he had expected to make his harvest. With isolated men, all pursuits are extra-hazardous; but as they are enabled to approach each other, and combine their efforts, the risks diminish, until they almost altogether disappear. Combination of action thus makes of society, a general insurance office, by help of which, each and all of its members are enabled to secure themselves, against almost every imaginable risk.

Great, however, Mr. President, as are these differences, they sink almost into insignificance, compared with that which exists, in reference to the maintenance of the powers of the land. The farmer distant from market is always selling the soil, which constitutes his capital; whereas, the one near London, not only returns to his land, the refuse of its products, but adds thereto, the manure resulting from the consumption of the vast amount of wheat brought from Russia and America — of cotton brought from Carolina and India — of sugar, coffee, rice, and other commodities, yielded by the tropics — of lumber and of wool, the products of Canada and Australia—not only maintaining the powers of his land, but increasing them from year to year.

The more perfect the power of combination, the greater is the yield of the land; the higher are the prices of the rude products of the soil; the smaller is the bulk of the commodities to be transported; and the larger are the proportions borne by their value to the machinery required for their transportation. That, Mr. President, is the road towards civilization, but it is, also, the very opposite of the road that we ourselves are travelling — the quantity of machinery required for the work of transportation, increasing with a rapidity far greater than that which marks the growth of values. This latter being the certain road towards barbarism, we need look but little further for the causes of the decline in morals, wealth, and power, now so rapidly in progress throughout the Union.

The power to command the use of improved machinery, grows with the growth in value of the things requiring to be transported — the farmer whose proximity to the mill enables him to send his grain to market in the form of flour, being far more able to contribute to the improvement of roads, than his fellow-farmer who is forced to send it in that of wheat. It diminishes as the things to be transported decline in value, and hence the weakness of countries like Portugal, Turkey, and India, that are becoming more and more dependent on distant markets. It diminishes with us, and hence it is that our dependence on foreign countries, even for efficient means of transportation, so rapidly increases.

More than twenty years have now elapsed, since the arrival of the *Great Western* steamer, and the establishment of the fact, that we could avail ourselves of the power of steam, for the passage of the broad Atlantic. For nearly all that time, we have been struggling to obtain steam communication, by means of American ships, with Europe — the government aiding in the effort, to the extent of many millions. What, however, has been the result of all our efforts? Ship after ship has been lost, until confidence in American steamers has almost disappeared, and with it, the lines of steamers. The Collins line, as it still is called, now dispatches a single ship per month, and that, too, chiefly owned in Europe. The Havre line dispatches a monthly ship. The Bremen line has wholly disappeared. Mr. Vanderbilt has yet three ships engaged in the European trade, but the recent accident to one of them can scarcely fail to be felt injuriously by all — annihilating the little confidence that previously had existed.—The day is fast approaching, Mr. President, when no single steamer carrying the American flag, will float upon the ocean, except government ships, and the very few private ones engaged in the coasting trade, in which foreign competition is wholly interdicted. Such being the facts, and such the prospects, is it probable, that we shall long maintain that superiority on the ocean, which so certainly existed at the time when the general government entered upon the career of centralization? It would seem not. Beaten in agriculture, and beaten in manufactures, we are likely to be even yet more thoroughly distanced in regard to ships; and for the reason, that our policy tends steadily towards lessening the value of the commodities seeking to be transported.

The French policy — looking, as it does, to the emancipation of land and labor from the tax of transportation — is directly the reverse of ours. We tax ourselves for the maintenance of millions of tons of shipping, required for the transport of merchandise to be given to France, in exchange for millions upon millions of tons of food and other commodities, so reduced in bulk, that their weight, in tons, is counted by thousands. Freed, by that reduc-

tion, *from all the cost of transportation*, France is enabled to invoke the aid of steam, and to such extent, too, that the arrivals of her own steamers, in her own ports, amounted, in 1856, to no less than 8,000 tons per week, and more than four hundred thousand, in the year.

France, Mr. President, is carrying out your own most excellent views in regard to commercial policy — laying a broad foundation of domestic commerce, as a means of obtaining the largest power of intercourse with the outer world. We, on the contrary are destroying the domestic commerce, in the vain hope of thereby building up a great foreign one. Why have we no steamers running to Rio, to Buenos Ayres, to Montevideo, to Valparaiso, to Lima, or Australia? Because we have little to sell, except those rude products of the earth, which the people of Brazil, or Chili, do not need to buy. Before they can do so, those commodities must pass through the looms of Manchester and Lyons, and hence it is, that nearly all our intercourse with the world is burthened with costs of transportation so enormous, that our farmers are generally poor, although themselves the owners of the land. In search of trade, we fit out expeditions against Japan — involve ourselves in disputes with Paraguay and Buenos Ayres — explore African and South American rivers — and maintain an enormous diplomatic establishment throughout this continent; and yet, have scarcely any thing to sell, except to the people of France and England.

What we need, Mr. President, is that real free trade, which consists in maintaining direct intercourse with the world at large; but that we cannot have, so long as we shall continue to export our commodities in their rudest state. The farmer who has but one mill at which to grind his grain, has no freedom of trade. The miller and the baker have it — they being free to sell to whom they please. Our farmers and planters have none of it — being compelled to send their products to the distant mills, before they and their neighbors can make exchanges, even among themselves. They need, as you so well have seen, that real free trade which would enable the planter of Mississippi to exchange with the farmer of Illinois — receiving cloth, lead, and iron, in exchange for sugar and cotton. "*That*," as you have said, "is the free trade we want." That we may have it, we must diversify the employments of our people; we must enable them to combine their efforts; we must *relieve our farmers from a tax of transportation, greater than is required for maintaining, ten times over, all the armies of Europe;* we must enable ourselves to pay our debts to the land, and thus obtain a real agriculture, in place of the system of spoliation that now exists; we must establish a balance of trade in our favor, payable in the precious metals, and thus enable ourselves to maintain the real specie cur-

rency, that you so much desire to see established. — Those things done, we shall be able to command the use of machinery of exchange of the highest order — fleets of steamers taking the place of sailing ships, and the use of money becoming obtainable, without the payment of a higher interest than is paid in any other country of the world, claiming to be held as civilized. Such, Mr. President, is the real road to wealth and power; but, as you have seen, all our movements are in the reverse direction.

Yours, very respectfully,

HENRY C. CAREY.

Philadelphia, February 9th, 1858.

LETTER NINETEENTH.

"NOTHING," says Hume, "is esteemed a more certain sign of the flourishing condition of any nation, than the lowness of interest"—or, in other words, the moderation of the charge for the use of that greatest of all the instruments used by man, called money. It is, Mr. President, an evidence of the existence of that feeling of security, which always attends advance of civilization—the rate of interest being very high in all countries in which property is insecure, and declining steadily as we pass outward, towards those in which men are more and more enabled to combine their efforts for the promotion of the common good—in which population and wealth increase—in which the land becomes more productive—in which the prices of raw materials tend to rise, and those of finished commodities to fall—and in which, consequently, the power to purchase the precious metals augments from year to year.

That power, and the tendency to decline in the rate of interest, exist in every community, in the precise ratio of the activity of the circulation of labor and its products. The more perfect the existing supply of money, and the more it is utilized, the more rapid is the circulation, and the greater the tendency to increase in the ability for further purchases. The less the supply, and the less it is utilized, the slower is the societary circulation, and the greater is the tendency to lose the money that had before been purchased. In the one case, labor obtains power over capital, and the rate of interest falls. In the other—capital obtaining increased control over labor—the rate of interest rises. The first of these classes of phenomena obtains in all those countries, that follow in the lead of France—importing raw materials, and exporting the products of their soil in the most perfect form. The second is found in all of those, that follow in the direction now indicated by England—exporting the rude products of the soil, and re-importing them again in a finished state; as is the case with Ireland, India, Jamaica, Portugal, Turkey, Mexico, and all the States of Southern America.

In further proof of this, we may take the various phenomena presented by ourselves, as our policy has changed from time to time, within the last half century. In the period of free trade that followed the close of the great European war, circulation almost ceased—labor was everywhere wasted—production was small—and money was scarce and high. In that which followed the passage of the highly protective act of 1828, everything was different—the circulation having then been rapid, labor in demand, production great, and money low in price. The scene-

being once more changed, production declined, while money rose with great rapidity — becoming, at length, so entirely unattainable, that banks suspended, States defaulted, and the Federal government was wholly bankrupt. The protective policy being again adopted, production increased with great rapidity, while the rate of interest fell. It has now been high for years, and for the reason, that *production has been steadily and regularly declining in its ratio to the population.* In proof of this, we have, Mr. President, the fact, that the consumption of food, cloth, and iron, bears now a smaller proportion to the numbers of the people, than it did ten years since. The facts of the past three years thus correspond, exactly, with those observed in those that followed 1836. Interest was then high — foreign loans were large — and emigration to the West was great. Speculation was then rife, as it so recently has been; but daily diminution of production laid the foundation of the distress and ruin, that became so universal in 1842.

That real prosperity is totally inconsistent with an advancing rate of interest, is a fact whose truth is proved by every chapter in the world's history. In that direction, lie centralization and slavery — increase in the charge for the use of money being evidence of growth in the power of the accumulations of the past, over the labor of the present — of capital over labor. In proof of this, we have the fact, that throughout an important portion of the Union, the pro-slavery feeling keeps steady pace with the exhaustion of the land, consequent upon the export of its products in their rudest shapes — with the export of the precious metals — and with the increase in the price of money.

Money is often spoken of as capital; and thus we are told, that interest is high, because "capital is scarce." There would, however, be as much propriety in saying, that rents, tolls, or freights, were high, because capital was scarce. Interest is always high, when money, from whatsoever cause, is scarce; and the high price then paid for its use, causes a deduction from the profits of the trader, from the rents of houses, and from the freights of ships. The owner of money then profits at the expense of all other capitalists. Interest is the compensation paid for the use of the *instrument* called money, *and for that alone.* In countries in which it is high, the rate of profit is necessarily so, because the charge for the use of money enters so largely into the trader's calculations.

The high profits of our Western States are said to be the cause of the high interest that is paid; but here, as everywhere, modern political economy substitutes effect for cause. Interest there is high, because money—the thing for which, alone, interest is paid—is scarce; and because its scarcity enables the men who can command the use of machinery of exchange, to obtain large profits, by means of standing between the producer who needs advances

on his corn, and the consumer who requires credit on his cloth and iron. Wherever it is scarce, circulation is sluggish; the waste of the physical and mental power is great; and the man who can then command the use of that *indispensable* machinery, becomes even more the master of him who desires to use it, than the transporter does, when crops are large, and ships are scarce.

Daily experience, Mr. President, teaches the farmer, that when money — the machine by means of which exchanges are made from hand to hand — circulates freely, he becomes more prosperous from day to day; whereas, when it is scarce, and circulates slowly, his prosperity disappears. It is *not* capital that is needed, but money — the machine by help of which the products of labor and capital are kept in motion, and without which they can move only in the fashion of primitive times, when skins were traded for knives and cloth. Our actual capital, in houses, lands, factories, furnaces, mines, ships, roads, canals, and other similar property, has, in the last ten years, been increased by the application of labor to the extent of thousands of millions of dollars; and yet, we everywhere see roads half finished, and unlikely soon to be completed, although laborers are seeking employment; mills stopped for want of demand for their products; laborers unable to sell their labor; and men of business compelled to curtail their operations, because of the difficulty experienced, in obtaining the means with which to pay their debts. Why is this so? Not, certainly, because of any diminution of *capital*, for that is greater than it has ever been.

Were it possible now to announce, that, by reason of any change of policy, the export of gold would be stopped, and that the quantity in the country would steadily be increased, by retaining here the produce of California, money would forthwith become abundant and cheap—circulation would recommence—and prosperity would reign throughout the land; and yet, the difference in the ensuing year, would not amount to *a quarter of one per cent. of the value of the land and labor of the country.* Capital would be increased by a portion so minute as scarcely to be discernible, and yet *the money value* — the value at which it would be exchanged—would be augmented by thousands of millions. At present, all is stagnant, and there is little force. Then — all becoming life and motion — the force exerted would be great.

It is not, however, Mr. President, in the quantity of money *held* by a community, that we are to find the test of its prosperity, or the index to the rate of interest; but in the rapidity with which it circulates. Steadiness and regularity in the motion of society are requisite for the production of confidence, and increase of motion and force results from confidence. The gold held by the banks, the people, and the government, is said to exceed by more than $150,000,000 what was held but a few years since; but — there being no regularity in the societary movement — credit is

much impaired. As a consequence of this it is, that the circulation is sluggish, and that the rate of interest has, for years, been so very high, as greatly to limit the disposition to engage in any operations requiring time for their completion. The moneyed capitalist profits by this — obtaining treble or quadruple the usual rate of interest; but the miner, the founder, the cotton-spinner, and the cloth-maker, have been, and are being, ruined by it.

The existence of credit is an evidence of the existence of that confidence of man in his fellow-man, which always attends the growth of real civilization. How it tends to stimulate the societary motion, and thus to augment the productive power, is so well exhibited by a recent French economist, that I am induced, Mr. President, to present for your consideration, the following extract from his work: —

"On one side," says *M. Coquelin*, "we see a machinist, a blacksmith, and a wheelwright, whose shops are closed, not perhaps because of any want of raw materials, but because of absence of demand for their products. Elsewhere, are manufacturers in want of machinery, and farmers in need of agricultural implements. Why, now, is it that these latter do not give to the former, the orders for want of which they continue idle? Because these latter must be paid in money, which money the others cannot at the moment pay; and yet they have, in shops or barns, abundance of commodities that they desire to sell, and by the possession of which many of the neighboring people would be greatly served. Why do they not exchange? Because — direct exchange being impossible — they must commence by selling; and, as they, in their turn, must demand money, they can find no purchasers. Here we have a suspension of labor on both sides, and it is in cases like this, that production is languid and society vegetates, although surrounded by all the elements of life, motion, and prosperity.

"Means might, however, be found for removing the difficulty that thus exists. If the machinist, the blacksmith, and the wheelwright, refuse to deliver their products, except for ready money, it is not because of any doubt they entertain of the future solvency of the farmer, or the manufacturer; but because it is inconvenient to them to make credit sales that would diminish their active capital, and perhaps disable them from continuing their operations. Let each one, then, in delivering his articles, as he has confidence in the future ability of those who now demand them, require only, in place of money, a note that, in his turn, he can use, with those who furnish him. On this condition, circulation will be re-established, and labor will be resumed. True, but we must first be sure that these notes, when accepted, will be received elsewhere, as, otherwise, it becomes at once a simple sale on credit. This certainty, however, cannot be obtained, and therefore they refuse the notes; not because of any suspicion of their ultimate

value, but because of doubts of the possibility of disposing of them. At this moment a bank intervenes, and says: — 'You, machinist, deliver your machinery; you, blacksmith, your instruments; you, ploughman, your raw materials; you, manufacturer, your manufactures: accept, with confidence, notes payable at a future time, provided you have full belief in the goodness of those who will thus become your debtors. I will take charge of all those notes, and hold them until they shall become due — giving you in exchange other notes, issued by me, that you will be certain to find of universal acceptation.' Forthwith, all difficulty is at an end — sales being made, goods circulating, and production becoming animated. There are no longer raw materials, instruments, nor products of any description, remaining, even for a moment, unemployed."

There is, here, Mr. President, no change in the quantity of capital owned by the community, and yet, its members are seen passing from a state of apathy and idleness to one of activity and productiveness — enabling every one to sell his labor — receiving in exchange the commodities required for the consumption of wives and families, who before were like to suffer for want of the common necessaries of life. What, however, is it that gives value to these notes, and why is it that they circulate so much more freely than those of the blacksmith and the farmer? Because there exists in the community, a confidence that *behind them stands a pile of money sufficient to redeem each and every one of them, whenever, and however, presented.* Without the existence of that belief, they would not circulate, as would soon be seen, were there established a drain of gold — producing a steady diminution of the quantity in the possession of the bank, until at length even a single note failed to be paid on presentation. From that moment their circulation would be stopped; the suspension of movement would again take place — the blacksmith, the machinist, and the wheelwright, again mourning over instruments that they would gladly exchange for food and cloth; and the farmer and the manufacturer suffering from the difficulty of obtaining machinery, for the better production of food and clothing. *Money is to society what fuel is to the locomotive, and food to the man — the cause of motion, whence results power.* Withdraw the fuel, and the elements of which water is composed cease to move, and the machine becomes stationary. Withdrawal of the food from man, is followed by paralysis and death; and such, precisely, is the effect of failure of the necessary supply of money—the producer of motion, among the elements of which society is composed.

When, therefore, the farmer complains that money is scarce, and the laborer, mechanic, and manufacturer, repeat the complaint, they are right. It *is* money that is needed, and their common sense does not in any manner deceive them. In every country of the world, pleasant feelings are excited by hearing of the incom-

ing of gold and silver, because therewith are associated ideas of activity and energy; while, on the contrary, fear and sorrow are excited by their outgoing — there being therewith associated ideas of dulness, inactivity, suffering, and death. The former, Mr. President, have been the feelings prevalent throughout this country in the closing years of the several trials we have made of the protective policy — to wit, in 1816, 1834, and 1846 — the precious metals having then flowed in, confidence having been mutual, and money having been readily obtainable at the legal rate of interest. The latter feelings have prevailed in the closing years of every trial of the free-trade system — those metals having then flowed out — confidence having disappeared — and the charge for the use of money having ranged from 12 to 50 per cent.

The cause of all the differences then observed, is to be found in the fact, that in the first, the policy of the central government has tended to promote the growth of combination among our people — to increase the facilities of exchange — and to augment production; whereas, in the other, it has tended to destroy the power of association — to lessen the facilities of intercourse — and to diminish the productive power. In the one, we have been enabled to obtain improved machinery — passing from the turnpike to the railroad — from the sailing ship to the steamer — from the hand-loom to the power-loom — and from irredeemable paper-money to a real specie circulation. In the other, our machinery has steadily deteriorated — railroads going to ruin — steamers diminishing in number — the spindle and the loom giving place to the wagon — and specie disappearing, to be replaced by the inconvertible notes of cities, counties, and banks, and of the national treasury itself.

Diminution in the rate of interest, Mr. President, is an evidence of advancing civilization. With us, the rate increases, and therefore it is, that each successive year brings with it new combinations for procuring a repeal of the laws limiting the rate at which money may be lent. The cause of all this, is to be found in the fact, that the policy of the central government looks steadily towards an increase in the power of the trader, and in the tax of transportation — augmenting, as it does, the quantity of shipping required for transporting any given value of our products, and thus diminishing the power to purchase that highest and best of all the machinery of exchange, called money. Under a different system, that power would steadily increase, and usury laws would gradually die out — the standard rate of interest falling below the legal one. All the efforts for the repeal of those laws, are to be regarded only as furnishing additional evidence of the growing power of capital over labor — always a characteristic of declining civilization.

Our present position, Mr. President, is precisely similar to that described in the above extract from *M. Coquelin's* excellent little book. With a large supply of lands, houses, corn, cotton, and

other commodities and things, we have little commerce among ourselves. Corn abounds, but the laborer perishes for want of food. Houses abound, but wives and children wander through our streets for want of shelter. Ships abound, but their owners are ruined for want of freights. Coal abounds, and yet men, women, and children perish of cold. Commerce, so far as regards the sale of labor, has almost ceased to exist. Why is it so? Because money has ceased to circulate, and in the absence of that circulation, the societary movement, called commerce, can have no existence. Why has it ceased to circulate? Because confidence has wholly disappeared. Why has it disappeared? Let us inquire.

History, as we are told, is philosophy teaching by example. What, then, does history tell us? When has confidence most prevailed? Has it not been in the closing years of the three protective periods — those periods in which there was an *inward* flow of the precious metals? When has it most entirely disappeared? Has it not been in the closing years of the three free-trade periods — those periods in which gold and silver flowed *outwards?* — When has the price of money been most regular? Has it not been in the protective periods? When has it been most irregular? Has it not been in the free-trade ones? When have we become rich and strong? Has it not been in the protective periods? When have we become gradually poorer and weaker — ending with general bankruptcy? Has it not been in the free-trade periods? When has labor acquired power over capital? Has it not been in the protective periods? When has capital acquired power over labor? Has it not been in the free-trade periods? To these questions, the answer must be in the affirmative — our tendency in the one having, always, been towards localization and freedom, and in the other, as regularly, towards centralization and slavery.

Such, Mr. President, having been the law of the past, what is to be that of the future? If protection has given us wealth, strength, credit, and power, in the past, must it not do the same in the future? If the system called free trade has given us poverty, distrust, and weakness, in the past, can it do otherwise in the future? Assuredly not, and for the reason, that it looks to the exhaustion of the soil, the impoverishment of the farmer, the increase of the power of the trader in goods and money, the annihilation of the power to obtain the machinery required for reducing the labors of production, and the destruction of confidence of man in his fellow-men. So long as that system shall be continued, there can be no general revival of confidence, because property must, and will, become less and less secure. That it may be revived, it is needed that the central government change its system — abandoning at once, and for ever, the idea of maintaining a hard money currency while pursuing a policy tending to the expulsion of the precious metals, and, that of building up a

great foreign commerce, by aid of measures tending to destroy the domestic one.

That further progress, in its present direction, must be productive of effects the most disastrous, will be obvious to you, Mr. President, on a careful study of the facts presented for consideration by the last few years. With a larger supply of the precious metals than we ever before possessed, but without the smallest confidence in the duration of the apparent prosperity, gold has been secreted to such extent, that the price of money has been so high as to have proved utterly destructive to the really working-men of the community — all their apparent profits having been absorbed by the payment of usurious interest. Mills, factories, mines, and furnaces, as a consequence, have been closed, to the utter ruin of their owners. Workmen, of all descriptions, have been obliged to seek in the West the food denied to them at home. There arrived, they have found the public lands monopolized by speculators, to whom they have been obliged to pay double, treble, or quadruple prices, for the little land they needed. Thus plundered at the outset of their operations, they have been compelled to borrow money, paying for its use, at every rate from 20 to 70 *per cent.* a year. The bubble having burst, they find themselves in the hands of their usurious creditors, and now the sheriff will complete the work.

The whole policy of the central government tends, thus, to the annihilation of the really useful portion of society, and to the aggrandizement of traders in money, in land, in cloth and cotton, in principles, and in men; and, as a necessary consequence, the demoralization of society becomes more complete with each successive year. The range of honest employment becoming daily more and more restricted, men are driven, by sheer necessity, to engage in schemes of public and private plunder, from which, under other circumstances, they would shrink back, shuddering at their very thought. — How long, Mr. President, can such a state of things endure? Is it possible, under such a course of operation, to build up a stable system? That it is not, is proved by all the facts of history. A change must come in the policy of the government, or the government itself will undergo a change.

The commerce that you, Mr. President, have so well described, as being the sort of free trade that we really need, is all that is required to render money abundant and easily obtainable at a moderate interest, with larger power to obtain mills, steamers, money, and all other machinery, than is now possessed by any other community of the world. Give the people but *that* commerce, and confidence will be at once restored.

Yours, very respectfully,

HENRY C. CAREY.

Philadelphia, February 12th, 1858.

LETTER TWENTIETH.

That the rate of interest, throughout the Union, is very high, and that it constitutes a serious obstacle to the extension of manufactures, to the development of our vast treasures of coal, iron, and other metals, and to the creation of a domestic market for the produce of the soil, are facts, Mr. President, that cannot be denied. We are, however, assured, that their existence is consequent upon the deficiency of a certain something, called capital—that time, alone, is required for obtaining the necessary supply—and that, then, money will be cheap, and manufactures will be established. What, however, has been the direction in which we have moved, in the last few years? Have we advanced, or retrograded? Has the price of money fallen since 1846? Has it not, on the contrary, greatly risen? Is capital more easily obtainable, for mining, or for manufactures, than it was, ten years since? Has not, on the contrary, the capital that then was so engaged, almost entirely disappeared? Are our farmers less dependent on the distant market, than they were in 1846? Have they not, on the contrary, become greatly more dependent? — If, then, for the last twelve years, our movement has been retrograde, is it probable, Mr. President, that further continuance in the line of policy to which that effect is due, will change the movement to a forward one? Scarcely so, as it would seem.

Capital abounds, and the price paid for the use of the instrument called money, is low, in all those communities, in which employments have been diversified; those, in which the consumer and the producer have taken their places by each other's side; those, in which the tax of transportation is small; those, in which agriculture is becoming a science; those, in which the yield of the land steadily increases; those, whose raw materials steadily rise in price; those, consequently, whose growing wealth enables them to increase their supplies of the precious metals, as is the case with the countries of Central and Western Europe — those which follow in the lead of France.

Capital is scarce, and interest is high, in all those countries which are dependent upon a nearly exclusive agriculture; those whose markets are distant; those which are subject to heavy tax for transportation; those whose agriculture consists in robbing the earth, and selling the soil; those, the yield of whose land decreases; those, whose raw materials fall in price; those, consequently, whose poverty forbids increase in the supply of the precious metals, as is the case with Ireland, India, Portugal, Turkey, and all other countries which follow in the lead of England.

Capital being scarce among these latter, they are constantly assured that, under existing circumstances, it is absurd for them to attempt to convert their corn and their wool into cloth, or their coal and ore into iron. It is, however, manufactures that cause the growth of capital — facilitating, as they do, the development of the powers of THE MAN, and thus enabling him to combine with his fellow-men, for economizing the power resulting from the consumption of capital in the form of food.

Every act of combined action, Mr. President, has for its object, and its effect, a saving of human effort, which, itself, is capital. Sometimes, a few individuals combine to drain a piece of land; at others, to dig a well, to construct a mill, or to open a mine; all of which require capital; that is to say, the investment of a certain amount of labor, upon the same principle, identically, that the farmer ploughs his land, and sows his seed — calculating upon having it returned, with interest for its use. When Crusoe made his rope-ladder, he did so for the reason, that it was better for him at once to expend a few hours, or, in other words, a little capital, than to waste, throughout the year, an hour a day, in climbing the rock under which he had taken up his abode. *All the labor thus economized, was capital.*

"What," says a recent French economist — "What is the object, what the result, sought to be obtained by every advance of capital, for whatsoever purpose? It is, everywhere and always, that of suppressing, *by means of a certain quantity of labor once performed, a certain portion of current labor and annual expense that would otherwise re-appear periodically, and for an indefinite period of time;* it is to exonerate, at the cost of a momentary sacrifice, *the whole future of production.*

"Every intervention of capital has the effect of diminishing daily labor, resulting from the constantly recurring difficulty of an operation: thus, we have here a village situated at the distance of a mile from a river — each of its people, when he has occasion for water, being required to walk that distance. No capital is expended, but there is a periodical demand for labor, carried to its highest point. The inhabitants, at length, conceive the idea of making some earthen vessels, having done which, they go once a day—returning with the day's supply of water. Capital now making its appearance in the *once-performed labor* of making the vessels, the daily expenditure of human effort is diminished, in the proportion that the one walk to the river, bears to the five, or six, that would, otherwise, have been required.

"Next, some one constructs a cask, and a wagon—attaching to the latter an ass, or an ox, and carrying water about the village. Here is a new expenditure of capital, but, in return, there is economy in the daily labor—proved by the fact, that the people now buy their water, in place of going to get it. At length, however, an aqueduct is built — requiring an enormous expenditure of

capital; but the daily effort that had been needed for obtaining a supply of water is from this time at an end—capital having, so to speak, altogether superseded labor.

"The proof that all these successive interventions of capital have been economies of force, time, and money, is, that all these expenditures have been returned in the value of the water obtained; and that, while casks, wagons, and buildings, have been paid for and maintained, the price of water has steadily fallen;" and, as the author might well have added, the consumption has so much increased, that a single family now consumes more than would, at first, have supplied the village.

In writing this passage, *M. de Fontenay* had no reference, whatsoever, to the question of protection — of the claims of commerce on the one side, or of those of trade on the other; but, it is the characteristic of propositions that are true, that they, at all times, and everywhere, prove themselves true. The great object of man, Mr. President, being that of acquiring power over nature, the more he does so, the less is the value of the commodities he requires, the greater is his own, and the larger becomes his consumption. To attain power, there must be combination of effort. The obstacle to association being found in the necessity for transportation, the more it can be removed, the greater is not only the present power of man, but the greater his capacity for new and more important efforts. The spring being distant, he calls to his aid, in regular succession, various natural forces — passing from the mere hand to the jug, the cask, and the wagon, with constant decline in the cost and value of water. When, however, he constructs an aqueduct, and is thus enabled to avail himself of the power of gravitation, value ceases—water becoming cheap as air.

The Indian path being bad, he determines, *once for all*, to make a road, the effect of which is soon exhibited in the fact, that he is enabled, *once again for all*, to make a turnpike; and yet, so much are his powers thereby augmented, that we find him again, *once for all*, investing millions of present labor in constructing a canal — then regarded as the *ne plus ultra* of improvement. Here again, however, Mr. President, we find it to be only the first step that costs — the economy of labor effected by the canal proving so great, that but a trivial portion is required for the construction of a railroad, that transports himself and his merchandise at a cost so small, as to treble the reward of labor.

The school-house being distant, his children are obliged either to dispense altogether with education, or to waste most of their time on the road thereto. Seeing himself surrounded by the materials of which houses are composed, he proposes to his neighbors that they shall, *once for all*, give their labor to the construction of a house — thereby enabling themselves to economize the labor of placing their children on the spot at which they are to be

instructed; and now instruction so much declines in cost, that ten times as many children are enabled to profit by it.

The market being distant, he is obliged to incur, daily, the cost of transferring his wool and his corn, to be exchanged for cloth. Looking around, he sees that nature has furnished him with the same forces, precisely, with those in use among the distant millers. The fuel will give as much heat; and the ore will make iron of equal strength. He therefore proposes to his neighbors, that they shall, *once for all*, unite together for building a stack through which to pass the ore and the coal, the laborers in which will eat the corn that now they are obliged to carry to the distant market — thus terminating, *at once and for ever*, the necessity for so much transportation.

The iron now obtained, he next, Mr. President, suggests, that steam can as well be made to spin and weave cotton in their own neighborhood, as in any other; that stone, lumber, and lime, are abundant — all that is required, for economizing the daily labor of transportation, being, that they should, *once for all*, club together for putting up a house, and for bringing from abroad a little machinery, and the skill required for working it. Further, he says to them: "We are, ourselves, unemployed for more than half our time, and, as regards our children, they are almost wholly so. Though unfit for the labors of the field, they yet could well perform the lighter work of tending the operations of a mill. Again, the minds of our people are undeveloped. Let us have them taught, and in a brief time — obtaining machinists of our own — it may be, that we shall be enabled to teach those among whom we now must seek for knowledge. We waste, daily, the powers of earth and air, for want of little machines, that would enable us to use them; we waste the faculties of our people, because there is no demand for them; we waste their time and our own, for want of combination; we waste the major part of the products of our land in feeding the horses and men who carry the rest to market — exhausting the soil, because the market for its products is so very distant. Let us, then, *once for all*, combine for the purpose of putting a stop to all this waste. With every step we make in that direction, we shall offer new inducements for carpenters and masons, printers and teachers, to come among us — eating the food, that now we are forced to carry to the distant market; with each, the faculties of our people will become more and more developed—enabling us more and more to perfect the various processes by means of which to obtain command over steam and other natural forces. With each, there will be an increase of commerce among ourselves, attended by diminution of our dependence on the trader, and an increase of power to command his services in case of need. The more numerous the differences among ourselves, the more rapid will be the motion of the societary machine, the greater will be the economy of labor,

the smaller will be the value of commodities, and the greater that of man."

Such, Mr. President, were the objects sought to be attained by Colbert, to whom France was indebted for the system since so steadily carried out; that, to which she owes it, that she has "covered herself with machinery and mills"—that "her collieries, her furnaces, and her workshops of every description, have grown to an enormous extent, and out of all proportion to what existed eighty years since"—that the value of her land has so immensely increased — that the power of the laborer to command supplies of food has doubled, where, even, it has not trebled — and that she herself is now so powerful.

Directly the reverse of this, is the doctrine lying at the foundation of the system that would make of Britain the workshop of the world; that, for the maintenance of which, we are taught that man begins everywhere with the richest soils — all old communities being required to resort to poorer ones, with daily diminution in the demand for labor. To our farmers and planters, and to those of Brazil and Cuba, it says — "Cultivate your rich soils, and leave us to our poor ones. Labor being cheap with us, we can manufacture more cheaply than you can do. *Do not*, therefore, *once for all*, build mills or furnaces; continue year after year to expend your labors in carrying produce back and forth; continue to exhaust your land; continue to have no combination of effort among yourselves; and you will grow rich. The time, however, will arrive, when you will be forced to cultivate the poor soils, and then you will be troubled with over-population. Wages falling, you may *then* be enabled to accumulate the capital required for entering into competition with us; that is to say, *the poorer you become, the greater will be your power.*"

Such, Mr. President, is the doctrine of the school that is based upon the idea of trade being the first pursuit of man; that, by help of which the system has, thus far, been carried out. It is one which cannot stand against the facts everywhere established, that man always commences with the poorer soils; that it is only with the growth of the power of association and combination that the richer ones are brought into activity; that, to have combination, there must be differences of employment, tending to the development of the individual faculties; and that, where such differences are not found, the whole course of man is towards the exhaustion of the land first cultivated — towards diminution in its value, and increase in that of all the commodities required for his use—and towards his enslavement, both by nature and by his fellow-man. Under that system it is, that Ireland wastes, *weekly*, more labor than would, if applied *once for all*, give her the machinery required for enabling her to make a domestic market for all her food, and all her labor; that Portugal and Turkey waste, *daily*, more muscular and intellectual power than would, if applied

once for all, give them machinery for making all the cloth they now consume; that Jamaica has been exhausted; and that the people of India have been condemned to remain idle, when they would desire to be employed; to relinquish rich soils, and retire to poor ones; to abandon cities in which once lived hundreds of thousands of poor, but industrious and happy, men — foregoing all the advantages of commerce, and becoming dependent, alto gether, on the chances of trade.

Following in the lead of France, the people of Northern Europe, generally, have *protected* themselves against this system — the result being seen in the facts, that the prices of raw materials and finished commodities are there steadily approximating; that gold flows rapidly in; that the rate of interest is moderate; that the circulation of society becomes from day to day more rapid; that the proportion borne by fixed to floating capital is a constantly increasing one; and that the power of the trader and transporter rapidly declines — all of these phenomena being evidences of advancing civilization, consequent upon the determination, *once for all*, to make the investments required for bringing the consumer to the side of the producer, and thus relieving the former from the wasting tax of transportation.

Guided, or governed, by England, Ireland, Turkey, Portugal, and the United States, have refused to make the effort, *once for all*, to relieve themselves from that oppressive and daily recurring tax—the result being seen in the facts, that the prices of raw materials and finished products steadily recede from each other; that gold flows regularly abroad; that the rate of interest is high; that circulation becomes more languid; that the proportion borne by floating capital to that which is fixed is a constantly increasing one; and that the power of the trader and transporter steadily increases — all of these phenomena being evidences of declining civilization.

Food, Mr. President, is capital. Having been consumed, it is still capital, in the form of the power to labor, with the body, or the mind, or both. That power being exerted, it re-appears in the form of food or cloth — books or newspapers. Not exerted, it is altogether lost — labor-power being, as you have seen, the only commodity, that cannot be kept, even for a second.

The power to accumulate capital exists in the direct ratio of the power of combination, and that itself exists in the ratio of the diversity of employments. That understood, there can be little difficulty in arriving at a proper understanding of the causes, why it accumulates so rapidly in Central and Northern Europe, and why it disappears so rapidly from Turkey and Portugal, Ireland and India.

Careful study of these simple principles, Mr. President, will enable us readily to understand why it has been, that capital has always so much abounded, when we have had protection, and why

it has so entirely disappeared, when we have had the system known by the title of "free trade." The one looked to economizing labor, which itself is, as you have seen, capital. The other looks to wasting labor, or capital. Under the one, as in 1833 and 1846, capital was readily obtainable, at moderate rates of interest, for any useful purpose. Under the other, as in 1822 and 1842, and as at the present time, it has become so scarce, as to be unattainable for the construction of roads, for the building of mills, or for the opening of mines, at any rate of interest, however high.

Were the tariff of 1842 this day re-enacted into law, the face of affairs throughout the country would be wholly changed — capital becoming at once abundant — the rate of interest falling — and labor coming into demand to such extent, that men, women, and children, would find all the employment they could desire; and that, too, before the lapse of thirty days from the present hour. Why, Mr. President, would it be productive of such results? Because, there would at once arise, throughout the country, a confidence, that labor was again to be economized — that that internal intercourse which, as you, Mr. President, have seen, we so greatly need, was to be obtained — that the great domestic market for food and labor was to be extended—and that we were again to become rich and strong enough to be enabled to purchase full supplies of the precious metals, as was the case in the protective periods which closed in 1835 and 1847.

What we need is confidence in the future. Let that be obtained, and capital will, *from the instant*, become as abundant as we have ever known it. Give us that, and there will exist no barrier to the maintenance of a specie circulation. Give us that, and the occasion for extending the central powers at the expense of the local ones, will pass away. Give us that, and our every future step will be towards happiness, wealth, and power, and towards domestic and foreign peace. Refuse that, and each successive step will be attended by growing misery among the people, and discord among the States.

The strength of every nation, as compared with other nations, grows in the ratio of the growth of the power of combination among the people of whom it is composed. That power grows with the growing diversity of employments. With us, that diversity diminishes, and hence the steady decline in the respect in which we are held, and in the power we exercise.

With great respect,

Your obed't servant,

HENRY C. CAREY.

Philadelphia, February 16th, 1858.

LETTER TWENTY-FIRST.

How is it, that protection can be needed? Why is it, that each and every man is not to be free to use his products as he pleases — exchanging, equally freely, abroad and at home? How is it possible, that our people have been, or can ever be, more prosperous under a protective system, than under what is called a "free trade" one? These, Mr. President, are important questions — seeking replies to which, we must now turn to some of the pages of our Colonial history.

In one respect, the Colonial system of England has differed from all others that have existed—the moving principle of its founders, as well as of all those who since have followed in its direction, having been, that of prohibiting every attempt, on the part of the colonists, at attaining that diversity of employments which is required for securing competition for the purchase of their own rude products, or for the sale of finished commodities required in exchange — and thus maintaining, at its highest point, the tax of transportation. Without such diversity, the power of association and combination could have no existence. Without it, the colonists were bound to remain, for ever, mere instruments in the hands of the traders and transporters of the mother-country. That such were really the objects sought to be accomplished, is shown in the following passage from the work of an influential writer of the last century, to which I desire now, Mr. President, to invite your attention: —

"Manufactures in our American colonies should be discouraged, prohibited." * * "We ought always to keep a watchful eye over our colonies, *to restrain them from setting up any of the manufactures which are carried on in Great Britain;* and any such attempts should be crushed in the beginning." * * "Our colonies are much in the same state as Ireland was in, when they began the woollen manufactory, *and as their numbers increase, will fall upon manufactures for clothing themselves, if due care be not taken to find employment for them,* in raising such productions as may enable them to furnish themselves with all the necessaries from us." * * "As they will have the providing rough materials to themselves, so shall we have the manufacturing of them. If encouragement be given for raising hemp, flax, &c., doubtless they will soon begin to manufacture, *if not prevented.* Therefore, *to stop the progress of any such manufacture,* it is proposed that no weaver have liberty to set up any looms, without first registering at an office, kept for that purpose." * * "That all slitting-mills, and engines for drawing wire or weaving stockings, *be put down.*" * * "*That all negroes be prohi-*

bited from weaving either linen or woollen, or spinning or combing of wool, or working at any manufacture of iron, further than making it into pig or bar iron. That they also be *prohibited* from manufacturing *hats, stockings, or leather of any kind.* This limitation will not abridge the planters of any liberty they now enjoy — on the contrary, it will then turn their industry to promoting and raising those rough materials." * * "If we examine into the circumstances of the inhabitants of our plantations, and our own, it will appear that *not one-fourth of their product redounds to their own profit, for, out of all that comes here, they only carry back clothing and other accommodations for their families,* all of which is of the merchandise and manufacture of this kingdom." * * "All these advantages we receive by the plantations, *besides the mortgages on the planters' estates and the high interest they pay us, which is very considerable.*"—(GEE *on Trade*, London, 1750.)

Turning now, Mr. President, to the statute-book, you will find a continued series of laws, each and every one of which had for its object, that of carrying out the system above described — prohibitions of manufactures, on one hand, and bounties on the import of raw materials, on the other, having been resorted to, for preventing the colonists from making those changes in their rude products, that were required for fitting them for consumption among themselves. The one great object of the system, was that of maintaining in its most bulky form, the commodity requiring to be transported, while contracting, as far as possible, the machinery by which the work of transportation and conversion was to be effected — thereby enriching the trader and transporter at the cost of both consumer and producer. The more perfectly it could be carried out, the greater would be the difference between the prices of raw materials and finished commodities — the greater would be the tendency towards exhaustion of the soil and ruin of its cultivators — the more would the people become dispersed — the heavier would become the tax of transportation, and the more entirely would it be thrown upon the colonists, who were thus to be impoverished, for the benefit of those by whom the laws were made.

To the grinding taxation of a system which, thus, looked to the establishment of a monopoly of the power to *purchase* the rude products of the earth, and to *sell* the commodities into which they became converted, and not to a paltry tax on tea, Mr. President, are we indebted for the Declaration of our Independence, and the war which followed it. To a desire for rendering that declaration effective, by protecting our farmers and planters against the system, was largely due the calling of the Convention which gave us our Constitution—a very brief experience having sufficed to satisfy the various States, and Virginia most especially, that concert of action for resistance to it, was essential to the advance of the

Union in wealth and power. To the knowledge of its action acquired in, or derived from, colonial times, it was due, that each and every of our Presidents, from Washington to Jackson, held, that it was not only the right, but the duty, of Congress, so to direct the power with which it was clothed, as to promote the approximation of the producer and the consumer, and thus to diminish the enormous taxes of trade and transportation, by means of which, the farmers and planters had been so much impoverished — to produce competition for the *purchase* of raw produce, and for the *sale* of finished commodities, and thus secure to the agricultural interest that freedom of commerce which is denied to him who *must* make his exchanges at the single mill; and in this manner, to carry into practical effect, that independence whose existence had been declared in 1776.

Such, Mr. President, were the general tendencies of the country, during the half century which followed the peace of 1783 — a period remarkable beyond any other recorded in the history of modern Europe, for commercial disturbance; one, in which piracy on the ocean—sanctioned by French decrees and British Orders in Council — embargoes, non-intercourse acts, and wars with both France and England, combined for the production of financial derangement; and yet, that one in our history which stands distinguished by the fact, that poor as we then were, our banks were never, in time of peace, driven to suspension; nor were either the people, or the government, driven to the disgraceful necessity of resorting to the use of irredeemable paper, as the only means of maintaining the societary circulation.

Five-and-twenty years have since elapsed, and during nearly all that period, the doctrines of our revolutionary fathers, as regarded commercial policy, have been repudiated — the essential duty of the central government having been held to be, that of providing for itself, careless of the effect of its measures upon the condition of the people. So far as was required for their taxation, tariffs might, as we have been assured, be tolerated; but so far as required for their protection, they could not — free trade, as it has been called, having been the order of the day.

In what, however, Mr. President, does our present freedom of trade consist? Is the planter free to exchange his cotton, abroad or at home, at his pleasure? Is there that growing competition for his products, which tends to raise their prices? That, there certainly is not — nearly all our mills being closed, and he being reduced to dependence on distant markets, such as he has not known since the disastrous times of 1842. — Are our farmers free to exchange their food, abroad or at home, for iron with which to make their roads? Is there a growing competition for the purchase of food, and the sale of iron? Certainly not — our furnaces and rolling-mills being closed — the men who wrought in them, turned adrift — and the necessity for going to the distant

markets with wheat and corn, being greater now, than it has been since 1842. — Are our workingmen free to sell their labor when and where they please? Do they find increase of competition for the purchase of the single commodity they have to sell? Assuredly not — there being ten who have labor for sale, to every one who is seeking to purchase it. — Look where you may, Mr. President, you will find a diminution of competition for the purchase of labor and the rude products of the land, the commodities we have to sell — the laborer, the farmer, and the planter, becoming, from hour to hour, more and more, mere instruments to be used by the trader and transporter; and, for the simple reason, that it has been held by your recent predecessors in the Presidential chair, that the central government had only itself, and not the people, to protect. Widely different from this, Mr. President, were the ideas of Washington and Hamilton, Adams and Jefferson, as to the rights and duties of that government.

Freedom of commerce among ourselves—the commerce between our towns, cities, and States, which, as you have so ably shown, is the sort of free trade we need — has no existence. The farmers of Illinois exchange between themselves, by means of the furnaces of Wales and Scotland. The Iowa farmer can make no exchange with the Mississippi planter, until after the corn and cotton have travelled to Manchester, there to be converted into cloth to be returned to Iowa and Mississippi — eighty-five per cent. of the corn and cotton being taken on the road, for the support of the people by whom the exchanges are effected. Why this is so — why our farmers and planters are thus subjected to a tax of transportation, compared with which, that of France and Germany is as nothing—you will, Mr. President, readily understand, after having read the following passage, extracted from a document published but four years since, by order of the British House of Commons: —

"The laboring classes generally, in the manufacturing districts of this country, and especially in the iron and coal districts, are very little aware of the extent to which they are often indebted for their being employed at all to the immense *losses* which their employers voluntarily incur in bad times, in order *to destroy foreign competition, and to gain and keep possession of foreign markets.* Authentic instances are well known of employers having in such times carried on their works at a loss amounting in the aggregate to three or four hundred thousand pounds in the course of three or four years. If the efforts of those who encourage the combinations to restrict the amount of labor and to produce strikes were to be successful for any length of time, the great accumulations of capital could no longer be made *which enable a few of the most wealthy capitalists to overwhelm all foreign competition in times of great depression*, and thus to clear the way for the *whole trade* to step in when prices revive, and to

carry on a great business before *foreign* capital can again accumulate to such an extent as to be able to establish a competition in prices with any chance of success. *The large capitals of this country are the great instruments of warfare against the competing capital of foreign countries,* and are *the most essential* instruments now remaining by which our manufacturing supremacy can be maintained; the other elements — cheap labor, abundance of raw materials, means of communication, and skilled labor — being rapidly in process of being equalized."

The system here described is very properly characterized as "warfare;" and we may properly inquire for what purposes, and against whom, it is waged. It is a war, as you see, Mr. President, for cheapening all the commodities we have to sell, labor and raw materials — being precisely the objects sought to be accomplished by the "Mercantile System," whose error was so well exposed in the *Wealth of Nations.* It is a war for compelling the people of other lands to confine themselves to agriculture — for preventing the diversification of employments in other countries — for retarding the development of intellect — for palsying every movement, elsewhere, looking to the utilization of the metallic treasures of the earth — for increasing the difficulty of obtaining iron — for diminishing the demand for labor — for doing all these things at home and abroad — and for thus subjecting the farmers and planters of the world to the domination of the manufacturers of Britain.

To measures such as here described, was due the closing of all the factories of India, followed by the exportation of cotton to England, there to compete with the products of Carolina and Alabama. The more perfectly the system can be carried out — the more the manufacture can be restricted to England — the cheaper must be raw materials; but the greater must be the export of cheap labor to Texas and to the Mauritius, there to raise more cotton, sugar, and other rude products; and thence to compete with each other for the reduction of prices, and for the more complete enslavement of the laborers of all those countries.

In the case of a war like this, what, Mr. President, does a government owe to its people and itself? The answer to this question is furnished by one of the most distinguished of your predecessors, Mr. Madison, in the following words: —

"Should it happen, as has been suspected, to be an object, though not of a foreign government itself, of its great manufacturing capitalists, to strangle in the cradle the infant manufactures of an extensive customer, or an anticipated rival, it would surely, in such a case, be incumbent on the suffering party so far to make an exception to the 'let-alone' policy as to parry the evil by opposite regulations of its foreign commerce."

That such is the duty of a government, no one can seriously doubt; and yet, that duty has remained unperformed. Time after time, for the last half century, have the iron, the cotton, and

the woollen manufactures, been stricken down by means of measures such as here are indicated, without the slightest attempts at interference on the part of the central government. Crisis has succeeded crisis, and with each successive one, the necessity for the export of raw materials has increased, with steady decline of prices, and as steadily increasing necessity for the export of the precious metals to discharge the balance of trade, thus forced upon our people. Hence, Mr. President, the difficulty of maintaining a stable currency. Hence the ruinous rate of interest. Hence the disasters among our merchants and our banks. Hence the decline in the character of our ships. Hence our inability to compete with the world in the use of steam for ocean-navigation. Hence the decline of morals; and, hence the discord now prevailing between the different sections of the Union.

Allow me now, Mr. President, to ask you to read, once more, the extract with which this letter was commenced, and study carefully what were the objects sought to be accomplished by the distant masters by whom the provinces then were ruled. Doing this, you will see, that they were those of limiting the colonists to the single pursuit of scratching the soil, and thus destroying competition for the purchase of their products. Turning, next, to the action of the Federal government, you can scarcely fail to remark, how identical with the views of the British traders of colonial times, have been its acts.

There, be assured, lies all the difficulty, and not with the local governments. Clothed with the power to protect our people, it has failed in the performance of its duties—leaving them exposed to a warfare of the most destructive kind, and to a taxation for the support of foreign governments and peoples, compared with which, the amount that would be required for the support of the largest fleets and armies, sinks into insignificance. As a consequence of this, we are rapidly passing into a state of dependence more complete than that which existed in 1776. Further proof of this, I propose to furnish in another letter, remaining meanwhile,

Yours, very respectfully,

HENRY C. CAREY.

Philadelphia, February 19th, 1858.

LETTER TWENTY-SECOND.

THE system described in my last letter, Mr. President, is, as you have seen, a war upon the agricultural communities of the world, for the reduction of the prices of their rude products. To what extent, it has resulted in reducing the prices of our staples, you have already seen, How it taxes the planters and farmers everywhere, I propose now to show, and with that view, will commence by asking your attention to the following comparative view of the exports from Great Britain at the close of the great European war, and at the opening of the gold-trade of California: —

	1815.	1851.
Export of woollens	£9,381,426	£10,314,000
" cottons	20,620,000	30,078,000
" silks	622,118	1,329,000
" linens	1,777,563	5,048,000
And of other commodities	19,231,684	21,723,569
Total	£51,632,791	£68,492,569

Nearly the whole increase that had taken place, in the long period of thirty-six years, was thus found in four branches of manufacture, the materials of which were wholly drawn from abroad, as is shown in the following statement of imports for that year: —

Wool	83,000,000 lbs.
Cotton	700,000,000 "
Silk	5,020,000 "
Flax	135,000,000 "
Eggs	115,000,000 No.
Oxen, cows, calves, sheep, hogs, &c.	300,000 "
Corn	8,147,675 qrs.
Flour	5,384,752 cwt.
Potatoes	635,000 "
Provisions	450,000 "
Butter	354,000 "
Cheese	338,000 "
Hams and lard	130,000 "
Rice	450,000 "
Spirits	2,000,000 galls.

Before proceeding to examine the figures above presented, I desire, Mr. President, to invite your attention to the idea, that *those who furnish the food, clothing, and lodging, do, in fact, furnish the power.* A locomotive engine is merely the instrument by means of which, the force *yielded by the consumption of fuel* is made to serve the purposes of man. So it is with men. Their

daily power to labor results from their daily consumption of food; and therefore is it, that those who supply the food and clothing, are really the parties who supply the power that is used. That understood, we may now inquire how many of the people of England are fed by the agricultural nations of the world, preparatory to an inquiry into the number there employed, in doing their work.

Divided among four millions of persons, the articles of food included in the above, would give to each about

1100	pounds of	corn,
150	"	flour,
12	"	fresh meat,
16	"	salted "
18	"	potatoes,
20	"	butter and cheese
12	"	rice,

28 eggs, and half a gallon of spirits.

This being much more than the average consumption of the men, women, and children, employed in the workshops of Great Britain, it may fairly be assumed, that the world furnishes four millions of laborers with food and clothing, and with shelter, too — the chief part of the timber there consumed, being drawn from abroad.

To the stock of food above given, we have now to add, the total quantity of coffee and tea, of cocoa and sugar, of lemons and oranges, of figs and raisins, of spices and tobacco, consumed by the whole eight-and-twenty millions of the population of the United Kingdom.

Of raw materials, foreign nations supply all the cotton and silk, all the oil, all the saltpetre, and all the dye-stuffs; of hides, wool, flax, hemp, and various other articles, they not only furnish all that is re-exported in the shape of manufactures, but as much more as is adequate to meet the demands of a large portion, if not even of the whole, of the four millions above referred to— who may, therefore, be considered as being fed, clothed, lodged, and supplied to the English people, by the other communities of the world.

The whole number of persons, old and young, male and female, employed, in 1841, in the —

Cotton, hose, lace, wool, worsted, silk, flax, and linen manufactures of Great Britain, was	800,246
In the mines	193,825
In the working of metals, as smelters, founders, blacksmiths, nail-makers, brass-founders, cutlers, pin and needle makers, file and lock makers — thus embracing all the persons connected with the conversion of ores into metals, and metals into instruments, whether for the use of the farmer or the manufacturer, the builder of houses or the maker of cloth — was	303,368
Making a grand total of	1,297,439

The number so employed in 1851 must have been greater, and may perhaps be properly estimated at 1,500,000. If so, it follows, that the people of the world feed, clothe, and shelter, and thus furnish the labor of, nearly three times as many persons as are, in England, employed in mining her coal and her iron; in smelting her ores, and making her pig, bar, and railroad iron; in constructing her machinery of every description; and in converting iron, copper, brass, cotton, wool, silk, hemp, and flax, into the commodities required for consumption. Thus, in addition to furnishing nearly all the raw materials, they supply all the labor; and, further, they supply food, cloth, and lodging, for two and a half millions of persons otherwise employed.

Of the million and a half, there is, however, but a small proportion that is employed in working for the foreigners who supply this food, and these raw materials. Of the commodities exported, nearly all are of the coarser kinds, requiring very little of either skill or taste for their preparation. Thus, for instance, out of an export of £87,000,000 sterling in 1854, nearly £15,000,000 consisted of metals in almost their rudest state — having given occasion to the exertion of very little more than brute force. Coals constituted £1,500,000; while mere yarns amounted to £10,000,000. Cotton cloths, averaging only $3\frac{1}{2}d.$, or 7 cents, per yard, were nearly £24,000,000. Linens, averaging $8d.$ a yard, made more than £4,000,000; while earthenware, alkali, beer and ale, butter, candles, cordage, fish, salt, and wool, contributed £5,000,000 towards the mass. The difference between the pictures presented by the French and English exports is most remarkable — the former exhibiting scarcely anything that has not been very highly elaborated — and the latter furnishing evidence, that, of all the vast quantity of commodities received from the world, those returned have undergone that lowest amount of preparation required for their reception among an inferior population. With the exception of machinery and millwork to an amount less than £2,000,000, and hardware and cutlery to about double that sum, there is scarcely any thing in the list of English exports requiring either taste or skill. Seeing that such is the fact, it may well be doubted if more than one-fourth of the labor given to manufactures — or that of four hundred thousand hands — is applied to the conversion of the raw materials exported; but, to avoid the possibility of error, we may assume it to be even as high as one-third = five hundred thousand persons — being one for every eight whose labor is, as has above been shown, furnished by the agricultural nations which find themselves compelled to look to Britain for a market.

The account between that country and the world at large would now appear to stand as follows: —

GREAT BRITAIN.

Dr.	Cr.
To the labor of four millions of persons there employed, while fed, clothed, and lodged, by other nations.	By the labor of half a million of persons—men, women, and children—employed in the lowest order of the labors of conversion.
To the sugar, tea, coffee, tobacco, fruit, and other commodities, required for the consumption of twenty-eight millions of persons.	
To the cotton, flax, silk, hemp, lumber, and other raw materials, required for domestic consumption, and for exportation.	By a small portion of the raw materials supplied.

Having studied the extraordinary picture that is here presented, I will now beg of you, Mr. President, to look once more to *Mr. Gee's* sketch of the Colonial system, given in my last, there to find the assertion that "not one-fourth part" of the products of the laborers of British colonies "redounds to their own profit" —they obtaining in return, nothing but "clothing and accommodation for their families," and being brought, thereby, so much in debt, as to be compelled to mortgage their estates, and to pay high interest to the mortgagees. That done, I have next to request, that you will look to the following sketch of the movement of the cotton trade, with a view to the determination of the question, whether, under the existing policy of the country, we are, or are not, with each successive year, becoming more completely subject to the Colonial system : —

Forty years since, the cotton imported into England amounted to 96,000,000 of pounds ; and it commanded then 20½*d.* per pound — equal to £8,200,000.*

About thirty years later, the movement of the trade, according to the same authority, was as follows : —

Raw material, 500,000,000 pounds, at 5*d.* per pound	£10,000,000
Wages of 542,000 spinners, weavers, bleachers, &c., at £24 a year each	13,000,000
Wages of 80,000 engineers, machine-makers, smiths, masons, joiners, &c., at £50 a year each	4,000,000
Profits of the manufacturers, wages of superintendents, sums to purchase the materials of machinery, coals, &c.	9,000,000
	£36,000,000

We see, here, that while the raw material consumed was more than five times as great, the selling price in England was less than 25 per cent. greater. When, however, we reflect that with every stage of this increase, it had been necessary, because of the unceasing exhaustion of the land in cultivation, to resort to new

* McCulloch : *Commercial Dictionary;* article, *Cotton.*

and more distant lands, with constant increase in the cost of transportation—and when we deduct the domestic charge thus created, together with the freights, storages, brokerages, and other claims, upon this immense quantity — we find that these 500,000,000 pounds could have yielded their producers, of the various parts of the world, not more than £5,000,000; or less than, thirty years before, had been received by the producers of 96,000,000; and less, too, than was required to pay for the damage done to the land — leaving altogether out of view the cost of cultivation.*

The £5,000,000 thus paid for the use of so many millions of acres, became £36,000,000 before they left the factory; and yet, as we have seen, the changes effected in them were such as required only the lowest species of skill. Thence, they passed out to Turkey and India, Ireland and Portugal, Jamaica and Spain, the United States and Canada; and before they reached the consumers they had become not less than £60,000,000; about *one-twelfth* of which went to the cotton-grower, while the other eleven-twelfths were absorbed on the road between those who raised the wool, and those who wore the cloth—giving support to thousands, and tens of thousands, of men employed in blocking the wheels of commerce. The consequences of this are seen, Mr. President, in the facts, that the planter — important as is his commodity — can nowhere obtain proper machinery of cultivation; that his lands are everywhere being exhausted; and that slavery becomes from

* "Few crops," says a Southern journal, "are more exhausting to the soil than is the cotton crop. An immense amount of manure, usually consisting, for the most part, of decayed leaves, limbs, and forest mould, is required to keep the land of a cotton plantation in good condition. Another difficulty is, that cotton requires later cultivation than any other crop, leaving the planter but little time to enrich or improve his farm as he may desire. An Alabama planter says, that cotton has destroyed more than earthquakes, or volcanic eruptions. Witness the red hills of Georgia and South Carolina, which have produced cotton till the last dying gasp of the soil forbade any further attempt at cultivation; and the land, turned out to nature, reminds the traveller, as he views the dilapidated condition of the country, of the ruins of ancient Greece."

The effects of this, as exhibited in South Carolina, are thus stated in a recent address issued by the Agricultural Convention recently held in that State: —

"Your committee would earnestly bring to the attention of this convention the mournful fact, that the interest heretofore taken by our citizens in agricultural improvement has become stationary; that our old fields are enlarging; our homesteads have been decreasing fearfully in number; and our energetic sons are annually seeking the rich and fertile lands of the South-west, upon which they imagine that treble the amount of profits can be made upon capital than upon our own soils. Nor is this all. We are not only losing some of our most energetic and useful citizens, to supply the bone and sinew of other States, but we are losing our *slave population*, which is the true wealth of the State. Our stocks of hogs, horses, mules, and cattle, are diminishing in size and decreasing in number, and our purses are being strained for their last cent to supply their places from the Northwestern States."

year to year more and more the lot of the laborers of all cotton-producing countries. Such are the necessary results of the system that looks to cheapening the raw materials of manufacture, and to increasing the difference between their price and that of the finished commodities into which they are converted.

Eleven-twelfths, or fifty-five millions of pounds, are divided among middlemen — and of this enormous sum four-fifths, probably, centre in the owners of English ships, mills, and other machinery of exchange and transportation. To pay this, it is required, that the agricultural nations send to England enormous quantities of tea, coffee, sugar, indigo, and other commodities — while themselves wasting, *daily*, more labor than is employed, *monthly*, in all the mines and factories of the United Kingdom. Hence their inability to obtain improved machinery; and hence the necessity they are everywhere under, of confining themselves to the work of scratching out, and selling, the soil.

The direct effect of the reduction in the price of cotton has been, and is, that of forcing labor into the production of sugar, with similar effect — enabling the people of England to obtain three pounds for the price they before had paid for one, but ruining the people of Jamaica. The decline in the price of sugar forced labor into the production of coffee, and that, in its turn, fell in price—*there being a solidarity of interest—of prosperity, or of adversity—among all the agriculturists of the world.* Our farmers and those of Russia and Germany were injured by the stoppage of manufactures in Ireland, because it had the effect of diminishing the Irish consumption of food, and forcing large quantities on the English market. The planters were injured by it, because it not only stopped the consumption of cotton among the Irish people themselves, but—by forcing large quantities of labor upon England — it lessened the power of the English laborer to consume either food or cotton. That all communities prosper by the prosperity of all others, and that all suffer from injury received by others, is a truth that will, Mr. President, at some day, come to be admitted; and when it shall be so, the farmers and planters of the world will be found combining together to compel the maintenance, in the conduct of public affairs, of a sound morality — looking to the advancement of the interests of commerce, and to their own emancipation from the tyranny of trade.

So, too, is it with the laborers of the world. Whatever tends to impair the condition of those of India is injurious to those of France and England; and therefore it is, that those nations would find it *profitable* to carry out in their international relations the same morality that is required between man and his fellow-man. The low prices of sugar and cotton, and consequent slavery of the producers of those commodities, are but consequences of the system that has so much tended towards the enslavement of the workers in iron and cotton — that one which has sought the anni-

hilation of the power of association and combination everywhere outside of Britain.

What, Mr. President, is it, that the British manufacturers desire? What is the object of the "warfare" that, as we are told by the highest British authorities, is now carried on against the agricultural nations of the world? — Is it not, that of cheapening raw materials, while maintaining at their highest, the prices of finished commodities? That such is the case, cannot be denied.

What is it, on the other hand, that our farmers and planters desire? Is it not the reverse of this? Do they not wish to have raw products dear, and finished commodities cheap? That they do so, is certainly true.

What is the policy, Mr. President, advocated by the foreign manufacturer? Is it not that one, which is commonly called free trade? It is so, certainly. In advocating it, does he desire to carry out his own views, or those of the planter? Does he desire to raise the price of food and cotton? Does he not, on the contrary, desire to cheapen both? Does he desire to tax himself, for maintaining the millions of tons of shipping required for carrying enormous masses of raw products to the ports of Britain? Does he not, on the contrary, wish to throw upon the producers all the cost of transportation? Does he not know, and feel too, that, under that system, they receive the most trivial share of their products — the remainder being absorbed by traders, transporters, brokers, and middlemen of all descriptions; and is it not for these reasons, that he urges upon the world the adoption of the free-trade system? That it is so, is unquestionably true.

The objects of the two parties being thus so widely different, is it possible that both can be attained by the pursuit of any one set of measures? Can the system invented for the purpose of depressing the prices of raw products raise them? Can that which looks to maintaining the prices of finished products, lower them? It cannot; and yet, every measure of our central government, in regard to trade, for the last twelve years, has had the fullest approbation of the advocates of that system. Could we desire better evidence, that those measures are hostile to the interests of both farmer and planter?

The more, Mr. President, that you shall study the subject, the more will you be satisfied, that to the policy of that government is due the depression in the prices of all our products, to which your attention has been called; and that, it is to its errors, and not to excess in the amount of power retained by the States, when they adopted the Constitution, we owe the monetary difficulties you have so well described.

Yours, very respectfully,

HENRY C. CAREY.

Philadelphia, February 23d, 1858.

LETTER TWENTY-THIRD.

Two systems, Mr. President, are before the world — one, whose objects are to be promoted by increasing the competition for *the sale* of all the raw materials of manufacture, labor included; another, which looks to increasing the competition for *their purchase*.

The first, tends towards maintaining, and even augmenting, the necessity for machinery for transportation — thus increasing the influence of the trader. The second, would promote the growth of the power of combination, and thus diminish the necessity for such machinery — while enlarging the field of commerce.

The first, looks to widening the space by which the producer and the consumer are separated; the second, to its contraction.

The one, would increase the difference between the prices of raw materials and finished commodities; the other, would secure their more close approximation.

The one, looks to increasing the proportion of mental and physical power given to trade and transportation, and thus diminishing that which might be applied to production; the other, to an increase in the proportion given to production, and a diminution in that applied to effecting changes in the places of the things produced.

The one, was reprobated by Adam Smith; the other, is in full accordance with his doctrines, as well as with those of Colbert, the most distinguished of all the sons of France.

Leader in the advocacy of the first has been, and is, Great Britain. Leader in the establishment of the second, and most consistent in its maintenance, is France; and thus, after so many ages of almost ceaseless efforts to do each other injury, by means of warlike operations, are these two nations now engaged in a peaceful contest for the leadership of the world; but, peaceful as it is, it is destined to exert an amount of influence, compared with which that resulting from the movements of fleets and armies in the past, will prove to have been entirely insignificant.

For centuries, both have been almost unceasingly engaged in war, but widely different have been the objects sought to be attained — France having fought for glory and dominion, while England has looked with a single eye to the establishment of the supremacy of trade. Equally different have been their respective policies — France having imitated Rome, who, universal plunderer as she was, left the local arrangements of her provinces untouched; while Great Britain has imitated Holland, in seeking to monopolize the machinery of trade and transportation, and thereby compelling strangers to make their exchanges in her single market.

The policy of the one has been that of the soldier; that of the other has had for its foundation, the single idea of "buying in the cheapest, and selling in the dearest market."

Colbert wished that French colonists should refine their own sugar and make their own cloth. England, on the contrary — desiring that the "mischievous practice" might be prevented — inserted in her grants of land, clauses "declaring the same to be void," should the grantee "apply himself to the making of woollen, or such like, manufactures." Seeking the enlargement of commerce, France, under the lead of Turgot, abolished the monopolies of earlier times; while, at the same moment, the Parliament of England — looking always towards trade — was adding, year after year, to the restrictions upon the movements of her artisans, and thus creating a monopoly to be held against the world.

The system of the one, is based upon the idea of cheapening the raw produce of the earth, and the labor of him by whom it is tilled. The other, seeks to protect the laborer, by bringing the market to his door, and thus giving value to his land.

The closer the approximation of the price of the raw material and the manufactured commodity, the smaller, necessarily, is the *proportion* of the product of labor appropriated to the payment of the transporter, the trader, the soldier, and all others of those classes standing between the men who labor to produce, and those who need to consume the things produced. The closer that approximation, the more rapid will be the circulation, the more *instant* the demand for labor and its products, and the greater the power to apply the faculties of mind and body to the work of conversion — while giving a constantly increasing *proportion* to the labor of developing the riches of the earth, and thus augmenting the quantity of things susceptible of being converted. In France, the quantity of food has increased twice more rapidly than the population; and yet, her manufacturing industry has attained such large dimensions, that its product is given at 4,000,000,000 of francs, or nearly $800,000,000* — being, probably, twice the amount of the total yield of land and labor, a century since. The movement, too, is a constantly accelerated one. Forty years since, France absorbed but 60,000 bales of cotton; now, she requires 400,000. Then, the whole value of the silks manufactured, but little exceeded 100,000,000 of francs; now, it exceeds 400,000,000. Then, she made but little iron; now, she makes more than 500,000 tons—being as much as was produced in Britain, thirty years since. Then, her mines yielded but 800,000 tons of coal; now, the quantity exceeds 5,000,000 — having sextupled in that brief period.

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* This sum has reference to *the additional value* given to raw products by the processes of manufacture, and is not to be understood as including that of the materials themselves. The total amount of commodities manufactured is given at 8,000,000,000 of francs.

These are great changes; and yet, so far are they from having been attended with diminution in the proportion of physical and mental faculty given to agriculture, that they are the cause of a constant increase therein.

A century since, France could have fed with wheat seven millions of people. Now, she could feed more than twenty millions.* Then, the corn, potatoes, and other vegetables, if equally divided among the population, would have given about 800 pints per head. Now, it would give more than twice that quantity; and of the change thus manifested, by far the larger portion has occurred in the forty years through which we last have passed. This, Mr. President, is a great change, and yet it is but a part of what has been effected. The policy of Colbert, in seeking to diversify the modes of agricultural employment, having been carried out in reference to sugar, the result is seen in the fact, that France has now more than a hundred thousand acres devoted to the culture of the beet-root — producing sugar to the amount of sixty or seventy millions of francs, equal to twelve or fourteen millions of dollars; and so cheaply is it supplied, that the sugar of the colonies finds itself forced to implore protection against the domestic manufacture.

In 1812, the total amount of silk cocoons produced but little exceeded 5,000,000 kilogrammes; now, it exceeds 15,000,000, with a value of more than sixty millions of francs, or twelve millions of dollars.

France has now 32,000,000 of sheep, against 27,000,000 in 1813, and 20,000,000 in 1789; but the improvement in quality has been far greater than that in quantity — the demand from the constantly growing woollen manufacture, having offered a large bounty upon the devotion of time, mind, and means, to the improvement of the race.

Cloth has steadily declined in price, while wool has much advanced; and the corn that, a century since, would command but twelve and a half francs, was worth nineteen francs in the decennial period ending in 1840. The prices of the raw material and of the finished commodity are steadily approximating each other — thus affording the strongest evidence of advance in civilization. The consequences of the increase of quantity, and of price, are seen in the fact that whereas, eighty years since, the average money-value of the produce of an acre of land was 87½ francs, it has since risen to no less than 237 — having almost trebled.

We see, thus, Mr. President, that much of the augmented money-value results from increase in quantity, and most especially from increase in those bulky products of the earth, that will not

* That the change here indicated is still in rapid progress, is shown by the fact that while the average product of wheat in the years 1842–1848 was only 72,000,000 hectolitres, that of 1847–1851 was no less than 86,000,000.

bear transportation to distant markets. A further portion of it is consequent upon the increased utility of many portions of the produce, resulting from the existence of a market near at hand. Thus, the wheat-straw, alone, is valued at 393,000,000 of francs, or nearly $80,000,000; and the total value of the straw of France at 761,000,000 of francs = $150,000,000 — being more than the total value of the cotton crop of the United States, which occupies so nearly exclusively the land of no less than ten of our States, and furnishes almost the whole employment of so many millions of people.

As a general rule, France feeds herself. In thirty-three years it occurred once — in 1847 — that her imports of food were adequate to the supply of 2,700,000 persons. Twice — in 1832 and 1846 — she imported half that quantity. Six times, her imports sufficed for the feeding of from three to four hundred thousand persons; but in nineteen of the thirty-three years her imports were insignificant.

The annual average of her exports, in the ten years ending 1836, but little exceeded 500,000,000 of francs. In 1852, the amount was 1,250,000,000 — being an augmentation of 150 per cent.; while the average of the previous five years, including those disastrous ones of 1848 and '49, exceeded 1,000,000,000; and yet, large as was the increase, nearly the whole amount of labor thus exported, directly represented food produced on the soil of France. How small is the quantity of foreign raw material that goes to the production of the goods exported, is shown by the fact, that while the value of cotton fabrics exported in 1854 was 60,000,000 of francs, the weight was only 7,300,000 kilogrammes, or 16,000,000 of pounds—giving an average of seventy-five cents for the raw cotton that had passed into the hands of the manufacturer at an average price, not exceeding ten. The total weight of clothing and furniture exported in 1856 was under 40,000 tons — a quantity that, as you have seen, Mr. President, could be carried in forty ships of very moderate size; and yet, in that small bulk was contained little less than two hundred millions of dollars' worth of French food, so condensed, in accordance with the ideas of Adam Smith, as to enable it freely to travel to the remotest corners of the world.

The tendency of French policy is that of making manufactures subsidiary to agriculture — combining a small amount of foreign raw materials with a large quantity of domestic ones, and thus enabling her farmers cheaply to maintain commerce with distant countries. Scarcely any thing passes out until it has attained a form so high, as to cause the skill and taste, which represent her food, to bear a very large proportion to the value of the raw material that is used. Her exports of raw produce are insignificant in amount; and even of wine, the amount exported but little exceeds that of the years immediately preceding the Revolution —

the average from 1844 to 1846 having been only 1,401,800 hectolitres, against 1,247,700 tons from 1787 to 1789.

The total value of French produce and manufactures exported in 1856 was 1,893,000,000 francs, or $370,000,000; and of this large sum, the foreign raw materials could scarcely much have exceeded, even if they equalled, a fifth — leaving 1,500,000,000 of francs as the actual value of food and other domestic products furnished to the world, after having been reduced in bulk, so as to economize to the utmost extent, the cost of transportation. Land and labor rise in value precisely as they are emancipated from that first and most oppressive of taxes; and therefore it is, that we witness so large an increase in the price of those of France.

In 1821, her real estate was valued, and the amount returned to the government was 39,514,000,000 francs, or nearly $8,000,000,000. A similar valuation having been made in 1851, and before the California gold deposits had begun to affect the movements of the world, the amount was found to have risen to no less than 83,744,000,000 francs, or $16,000,000,000 — having more than doubled in the short period of thirty years. In the same year, the total value of the real estate of the Union was returned at $3,889,000,000; but, as subsequently corrected at the Census bureau, it was increased to nearly $5,000,000,000 — that having been given, as the true value of all the land and buildings of the country. Were we now to add to this, even sixty per cent., we should obtain a sum no greater than that which represents *the addition* made to the value of the real estate of France, in thirty years. It follows thence, Mr. President, that the fixed property here created, in the whole period that has elapsed since the landing of the Pilgrims, is far less in value than that created by the French people, in the brief period you have so well described, of constantly repeated financial convulsions among ourselves.

This is, certainly, a most extraordinary fact, and it behoves us, Mr. President, to inquire into the causes of its existence. In that period, France has maintained armies that have counted by hundreds of thousands, while ours have counted by thousands. She has made wars in Europe and Africa; while, with the exception of our discreditable attack on Mexico, we have enjoyed a peace that has been undisturbed. She has undergone a succession of violent revolutions; we have had none but those resulting from the operation of the ballot-box. Her land has been oppressively taxed for the maintenance of fleets and armies, admirals and generals, kings and emperors; whereas, ours has not been taxed for a single dollar, to be applied to the purposes of the central government. Nevertheless, the land of France so steadily rises in value, that it would now command thrice as large an amount of money as could be obtained for all the real estate of our Union.

Why, Mr. President, is it so? Because, French policy looks

to relieving the farmer from the tax of transportation, and thus giving value to the land, and the man by whom it is cultivated; while ours looks to increasing that tax, and destroying the value of land. — Because, the one looks to increasing the power of association and combination; while the other looks to its destruction. Because, the one looks to diversifying the pursuits of the people; while the other seeks, as far as possible, to limit the whole community to the pursuits of scratching the earth, on one side, and trade and transportation, on the other. Because, the one would tend to create a scientific agricultnre, and to promote demand for all the powers of THE MAN; while the other seeks to limit the demands upon its people, to brute force, on one side, and craft on the other. Because, the one looks to increasing the products of the land, while augmenting their prices; and the other, to diminishing the yield, while lessening the prices of the things produced. Because, the one enables the people subject to it, to import the precious metals; while, the other compels their exportation. Because, the one looks towards raising the value of the laborer, and making him more free; while, the other tends towards diminishing his value, and thus making the slavery of the white man and the black, the law of the land. Because, the one seeks to establish the independence of both the people and the state; while under the other, colonial dependence grows from year to year. Because, finally, the one looks to the extension of that domestic commerce which, as you have so distinctly seen, is the only sure foundation of a great foreign one; while those to whom we owe the other, have dreamed of the erection of a great foreign commerce, upon the ruins of a domestic one.

The more, Mr. President, you study the commercial movement of France, the more you will be satisfied of the accuracy of your views as to the sort of free trade that is really needed by your countrymen; that sort which is required for giving wealth to the people, and strength to the government.

With great respect,

Your obed't servant,

HENRY C. CAREY.

Philadelphia, February 26th, 1858.

LETTER TWENTY-FOURTH.

That men, Mr. President, become more independent in their actions, and more free to combine their efforts with their fellow-men, as their faculties become more and more developed, is a truth, whose evidence may everywhere be found. So, too, is it with communities — their independence of external action growing in the direct ratio of the variety in the demand for human faculty among themselves. For proof that such is the case, we may now, for a moment, look to the working of the English and French systems — the one based upon the idea of extending foreign trade, at every cost to domestic commerce; and the other, upon that of creating a great internal commerce, as the sure foundation of a profitable intercourse with other nations.

That the total number of persons of all descriptions, employed in Great Britain in converting cotton into yarn, and in making the inferior cloths, the pig iron, the earthenware, and other similar commodities, by means of which that country not only pays for all the supplies required for her numerous population, but is enabled also to bring their producers so much in debt, does not exceed half a million, is quite certain. That large quantities of produce are there received, and that very little is given in return, is a fact that does not admit of doubt; and one, too, the conviction of whose existence must, sooner or later, force itself upon the agricultural communities of the world. Were it now fully understood, and were those communities to arrive at the conclusion, that they might as well mine and smelt their own ores, twist and weave their own cotton, and make their own earthenware, at the same time saying to those few people — "Come among us and mine ore, make iron, spin thread, and weave cloth;" and — that having been done — were they to have the work performed at home, that they now have done in England, the effect would be, that instead of feeding four millions of people, they would have but half a million to feed; and instead of giving such prodigious masses of cotton, sugar, coffee, lumber, dye-stuffs, and other raw products, in exchange for a little cloth, and very little iron, they would have the whole of that immense quantity to apply to the purchase of improved machinery, or to that of the comforts and luxuries of life. Such an operation would require but few years for its accomplishment, and for the reason, that the British system, based as it is upon the idea of cheapening labor, has little tendency to create demand for anything beyond mere muscular force. Dreading a competition that could so readily be established, Great Britain is entirely de-

pendent, for the maintenance of her power, upon the peaceful submission of the agricultural communities, to the system of trading warfare, that, as you have seen, Mr. President, has been established; established, too, in full accordance with the declarations of some of the most eminent statesmen of England, in reference to "the necessity for strangling in their infancy" all attempts at competition with British makers of cloth and iron.

What, however, would be the effect upon France of a change of policy, looking to full protection, on the part of Ireland, Turkey, Portugal, Brazil, India, the United States, and other countries? Would she be placed in a similar position? She would not, because her policy is that of thoroughly elaborating and perfecting her own rude products, and those of other lands received in exchange. With her, the value of the raw material bears but a small proportion to that of the finished commodity; and while she sends to the world the finest silks and cloths, wines and porcelain, her rival exports cotton-twist, blankets, coal, pig and bar iron, beer, and earthenware. The one aspires to lead the world, while the other seeks to underwork it. In the one, artistic taste is being from day to day more fully stimulated into activity; whereas, in the other, the tendency towards making of man a mere machine, increases from year to year.. The one looks to the cheapening of labor and land; whereas, the policy of the other tends towards raising the price of both.

Those who desired to supersede the one, would require only the lowest description of manufacturing skill — to be acquired in the briefest period; whereas, those who sought to supplant the other, would need a skill to be acquired only at the cost of very many years of application; and a taste, for the development of which would be required a ready access to works of art; and, whatever might be their progress, France would still continue in advance.

In proof that such would be the case, we need only take the tables of exports — doing which, we find that France finds her customers chiefly in those countries that are already largely manufacturing, and that are, themselves, anxious to compete with her, to wit: —

England	250,000,000 francs.	Switzerland	58,000,000 francs.
United States	162,000,000 "	Zoll-Verein	42,000,000 "
Belgium	121,000,000 "	Russia	14,000,000 "
Sardinia	72,000,000 "	Hanseatic Cities.	13,000,000 "
Spain	65,000,000 "	Holland	15,000,000 "

Adding to these the colony of Algeria, 103,000,000, we have 905,000,000 exported in 1852—leaving 345,000,000 for the rest of the world; and nearly all that balance is so divided, as to show that France is, everywhere, ministering to the tastes of the more refined portions of the various communities of the world. So far, therefore, is she from fearing competition, that she has reason to

desire it — knowing that with every increase in the power, anywhere, to make cotton and woollen cloths, and iron, there arises an increased demand upon her workshops, for commodities requiring that high development of the artistic faculty, which she alone can furnish.

Turning to England, we find that her exports, in the same year, to the advancing portions of Europe, that is to say—

To Europe, exclusive of Turkey, Italy, and Portugal — amount to only £19,000,000

While the raw material that has undergone the single process of twisting, and that goes only to manufacturing countries amounts, alone, to £10,000,000

Adding to this, the unmanufactured metals, and the coal, sent to those countries, we shall obtain almost all the balance — England having, in fact, but little to send to any country that is itself advancing in civilization.

To this country, the exports were more than £16,000,000; but of this, nearly the whole amount consisted in common cottons and woollens, iron, and other articles requiring little skill or taste; while from France were imported nearly all of those in the preparation of which artistic skill was manifested. Deducting the two quantities above referred to, there now remain no less than £38,000,000, or more than half of the whole, for India, Australia, Portugal, Turkey, Buenos Ayres, Mexico, and other countries, in which there exist few manufactures; and in which, consequently, are found the evidences of barbarism—raw materials being cheap, while finished commodities are dear.

The French system is based upon the idea of the enlargement of commerce—resulting from the compression of raw commodities into their smallest form; and from the emancipation of the farmer from the tax of transportation. Commerce grows with the growth of the *powers* of man; and therefore would France profit by the adoption in other countries, of the system that has so well been carried out at home.

The English system is based on the idea of the supremacy of trade, and the augmentation of the tax of transportation. Trade grows with the growth of man's *necessities;* and therefore would England suffer under any system leading, in other countries, to development of the faculties, and increase in the powers, of man.

Such being the case, we can now readily account for the steadiness of the commercial policy of the one, notwithstanding the shocks of repeated revolutions; and for the exceeding unsteadiness of the trading policy of the other, although political revolutions are there unknown. The one, after long experience, has recently announced to the world, through the President of the Council, *M. Baroche*, its determination "formally" to "reject the principle of free trade, as incompatible with the independence

and security of a great nation, and as destructive of her noblest manufactures. No doubt," as he continued, "our customs tariffs contain useless and antiquated prohibitions, and we think they must be removed. But protection is necessary to our manufactures. This protection must not be blind, unchangeable, or excessive; but *the principle of it must be firmly maintained.*" The other, on the contrary, has changed its system repeatedly, and especially within the last five-and-thirty years. Until 1825, it had gone on heaping protection upon protection; but since that time, its policy has been altered and re-altered, until the *form* of the existing one, bears hardly the slightest resemblance to that of the days of George III., although the *spirit* remains the same.

The one is quiet, tranquil, and confident, in its forward movement; whereas, the other, restless and doubtful, is unceasingly engaged in wars for the extension of trade; military wars, carried on by soldiers and sailors, admirals and generals; and trading wars carried on by means of "large capitals" so directed as to crush out competition, abroad or at home.

The one is rapidly becoming the leader of the advancing nations of Europe; whereas, the other is gradually surrounding itself with the ruins of once-important nations, that have been its friends.

The policy of the one is in accordance with the views of its own illustrious Colbert; and with those of Adam Smith, when teaching that "that country in whose cargoes there is the greatest proportion of native, and the least of foreign, goods, will always be the principal gainer." The other is in harmony with the doctrines of Sir Robert Peel, who taught that England's governing principle should be found, in the single determination to "buy in the cheapest market, and sell in the dearest one"—buying labor, at home and abroad, at a low price, and selling it, both at home and abroad, at a high one. The one looks to the elevation and enfranchisement of man; the other, to the subjection of the laborer to the trader, and to his ultimate enslavement.

What, now, Mr. President, is our condition, as compared with that of France? Can we maintain commerce where *we will?* Are we not, on the contrary, forced to go where *we must?* Can we send wheat, or corn, to the people of California, or Australia? Do those of Brazil, or India, desire to purchase rice or cotton? Assuredly not—their demands upon the outer world being for finished commodities, and not for the rude products of the soil. How, then, do we maintain commerce with Brazil and California? Is it not by the circuitous route of Manchester and Lyons—*the whole of the tax of transportation being paid by the farmers and planters of the Union?* That it is so, cannot be questioned.

France, on the contrary, sends the rude products of her soil to every country of the world—having first combined tons of corn and potatoes with pounds of silk and cotton, clay and gold, in

accordance with the advice of Adam Smith. Sending hundreds of millions, in value, compressed into tens of thousands of tons, in bulk, she is enabled to throw upon those who send her raw materials, all the cost of transportation, while establishing, from year to year, an independence more complete. We, on the contrary, forced to maintain commerce with the world, through the medium of foreign ships and mills, become daily more and more dependent. Why, Mr. President, is it so? Because the central government — refusing to perform the duties devolved upon it by the States — limits its views to its own protection, and neglects the protection of the people.

As a consequence of this unhappy state of things it is, that the planter is compelled to pray for short crops instead of large ones. With the one — freights being low, while prices are high — he is enriched. With the other — freights being high, and prices low — he is impoverished. So, too, with our farmers, dependent, as they everywhere are, upon the trivial demand of Europe, consequent upon short crops in England, France, or Germany. Give them that great domestic commerce, the need of which is to yourself, Mr. President, so very evident—that commerce which France so rapidly obtains — and they will, then, be enabled to rejoice in the prosperity of the agricultural interest everywhere.

Hoping that by aid of reforms to be initiated by yourself, our farmers and planters may be enabled to obtain that free intercourse among themselves, and with the outside world, of which they have been so long deprived, I remain, Mr. President,

With great respect,

Your obed't servant,

HENRY C. CAREY.

Philadelphia, March 3rd, 1858.

LETTER TWENTY-FIFTH.

We are constantly assured, Mr. President, that the protective system, favorable as it may be to commerce at home, tends to the annihilation of foreign commerce. All the facts of history tend, however, to prove the reverse of this — the power to maintain intercourse with foreign nations having always grown with the growth of domestic commerce, and it having been by the latter's help, alone, that the former has been maintained. The great development of British external commerce followed that of the internal one, which owed its existence to a protective system of the most stringent character. So, too, has it been, with all the protected countries of Europe — the power to maintain exterior commerce having, everywhere, followed the adoption of measures looking to the development of an internal one, as is shown by the following facts: —

From 1826 to 1835, as we have seen, the domestic exports of France averaged only 500,000,000 francs; from 1845 to 1849, they averaged 1,000,000,000; and in 1856, they had attained the enormous amount of 1,893,000,000 — having almost quadrupled in the five-and-twenty years, during which we have been subjected to such repeated crises, consequent upon the determination of the Federal government to secure to itself the control of the local banks and their circulation.

In the free-trade period of Russia, from 1814 to 1824, the quantity of foreign merchandise consumed averaged only $32,000,000 a year. Growing gradually, by aid of highly protective measures, the power of that country to be a customer to foreign nations, had risen, at the opening of the Crimean war, to $75,000,000.

The domestic exports of Belgium, in 1828, amounted to only 156,000,000 francs. By 1850, they had become 263,000,000. In 1856, they were 375,000,000 — the exports of food from that little country, with its four and a half millions of people, having, thus, been greater than our own average, in the decade ending in 1855 — embracing, as it did, the periods of the Irish famine, and the short crops of Germany and France. Belgium follows the advice of Adam Smith, in combining her food and wool in the form of cloth, and thus enabling it to travel cheaply to the most distant countries. We repudiate it, and hence the inability of our farmers to maintain commerce with the world.

Spain, impoverished as she has been, by the "warfare" of the smugglers of Gibraltar, and by repeated revolutions, increased her exports from 71,000,000 reals, in 1827, to 166,000,000, in 1852

Why it is, Mr. President, that such have been the uniform effects of the adoption of a system looking to the protection of the farmer in his efforts to bring the consumer to his side, and thus relieve himself from the tax of transportation, will readily be understood by all who study the following facts, in reference to the highly protected country of the *Zoll-Verein* : —

Forty years since, Great Britain received from Germany only 3,000,000 of pounds of wool; but, with the decline of German manufactures, the export of raw materials so largely increased, that, in 1825, the receipts in England, from that source alone, amounted to no less than 28,000,000 — a large portion of which was paid for in English cloth. Such having been the state of the trade, it follows, necessarily, that wool in Germany must have been cheaper than in England, while cloth must have been dearer—the prices of the two having been widely distant from each other.

In 1851, the quantity of wool, and woollen yarn, *imported* into Germany, amounted to 34,000,000 of pounds, and the quantity *exported* to 9,000,000 — leaving not less than 25,000,000 as the *net* import, and proving that wool in Germany must have been higher than in other countries. In the same year, the quantity of woollen cloth exported, amounted to 12,000,000 of pounds — proving that it must have become cheaper than in other countries. The prices of raw material and finished articles had steadily approximated to each other, and thus was furnished the most conclusive evidence of advancing civilization.

Two-and-twenty years since, the import of cotton, and yarn, into *Prussia*, amounted to 16,000,000 of pounds — having increased, in the twelve years that had then elapsed, but 6,000,000. The movement in the *Zoll-Verein*, in the period that has since elapsed, is thus given : —

	1836.	1845.	1851.
Cotton	152,364 cwts.	..... 443,847 cwts.	..... 691,796 cwts.
Cotton twist.....	244,869 "	..... 574,303 "	..... 676,000 "
	397,233 cwts.	1,018,150 cwts.	1,362,796 cwts.

The export of yarn and cloth, in this latter year, amounted to 159,241 hundredweights, leaving for domestic consumption more than 1,200,000 hundredweights, or 130,000,000 of pounds — this proving, first, that cotton cloth had become very cheap; second, that the power of consumption, among the agricultural population, had largely increased. That increase was a necessary consequence of the enlargement of the market for labor, and for the products of land, resulting from the extension of this manufacture. The weight of cotton goods exported, was, as we see, less than an eighth of that of the wool and yarn imported; and yet, the value of that small quantity, was 20,000,000 of thalers = $15,000,000 — being almost enough to pay for the whole import. At least

three-fourths of this large sum consisted of labor representing German food, thus enabled readily to go to distant countries.

Thirty years since, Germany supplied the world with rags, and imported paper, of which her consumption was then but small. In 1851, all had changed; the *net* import of the first having been 37,000,000 of pounds, while the net export of paper had risen to 3,500,000. In the first period, rags were cheaper than in other countries, while paper was dearer. In the second, rags were dearer, while paper was cheaper. The prices of the two had greatly approximated; and therefore had the consumption of paper so much increased as to absorb not only the whole quantity produced at home, but, in addition thereto, more than 30,000,000 pounds produced abroad. You will, Mr. President, more fully appreciate the value of these facts, when you reflect how large must have been the domestic production of rags, resulting from an addition to the consumption of cotton amounting to more than 100,000,000 of pounds weight.

In 1830, the quantity of coal that was mined was but 7,000,000 *tonnes*—and adding thereto 1,200,000 of brown coal, we have a total of 8,200,000. In 1854, the first had increased to 34,000,000, and the last to 12,000,000—making a total of 46,000,000.

In 1834, there were made 76,000 tons of bar iron. In 1850, the quantity had risen to 200,000; and the pig iron that was made amounted to 600,000 tons. The present consumption of the *Zoll-Verein* is given at fifty pounds per head, per annum—being more than in any country of Europe except France and Belgium; and more than in any country of the world, except the two already named, Great Britain, and the United States. It is, however, the first step that is always the most costly, and the least productive. Every furnace that is built, and every mine that is opened, tends to promote further progress in the same direction—each and every of them tending to promote association and combination. In 1849, not a furnace was to be seen in the neighborhood of Minden, in Westphalia, but "now," says a recent traveller, "they stand like towers about the broad plain"—making a vast demand for food, clothing, and labor. Of the 80 copper-mines of Prussia, no less than 24 have been opened within the last few years. Every mine, every furnace, and every mill, aids in the creation of new roads, and the improvement of old ones—facilitating the opening of new mines, the utilization of the powers of nature, and the development of mind; and thus increasing the value of man, while diminishing that of all the commodities required for his use.

The value of cotton and woollen goods exported in 1851, was 30,000,000 of thalers = $25,000,000—the chief part of which large sum, consisted of the food that had been combined with the labor, in the process of converting it into cloth. As a consequence

of this, the necessity for going abroad to find a market for food had so greatly decreased, that the *net* export from the country that only thirty years since was the granary of Europe, was but 10,000,000 bushels.

Look where we may, Mr. President, we meet with evidence of the fact, that the power to maintain a profitable foreign commerce grows with the growth of the domestic market for food, wool, and laborers, and the consequent diminution of the exhausting taxes of trade and transportation. Look, too, where we may, we meet with evidence of the necessity for protection, as the only means by which a great domestic commerce can be created; and of your own perfect accuracy in regarding that commerce as the thing we really need — it being the only sure foundation of an extended intercourse with other countries. Commerce grows with every diminution in the necessity for machinery of transportation — as is shown in all the countries which follow in the lead of Colbert, and of France. It declines, with every increase of this necessity, as is shown in Ireland, Portugal, Turkey, the United States, and all others, which follow in the direction indicated by England.

That commerce may grow, and that nations may acquire that real independence which exhibits itself in the power to maintain direct intercourse with the world, there must be steadiness and regularity of the societary action. Growing always with the growth of domestic commerce, stability is found, in all countries, existing in the direct ratio of the diminution of dependence on foreign trade; and therefore is it, that France, Belgium, Germany, and Russia, have passed through the recent crisis, almost unharmed; while in Britain, and among ourselves—the two communities whose policy looks to the sacrifice of domestic commerce at the shrine of trade — the societary movement would have been almost at an end, had not the banks of both suspended payment.

The more you reflect upon these facts, the more, Mr. President, it will, as I think, be obvious to you, that all our difficulties have their origin in excess of centralization, and not of localization; and that it is to change in the action of the central government, and not to interference with the local ones, we must look for remedy.

With great respect,

Your obed't servant,

HENRY C. CAREY.

Philadelphia, March 8th, 1858.

LETTER TWENTY-SIXTH.

The real and permanent interests of all the members of a community, Mr. President, are in perfect harmony with each other—each and every man profiting by whatever tends to increase the productive power of his neighbors. So, too, is it with the communities themselves — each profiting by the increase in the productive power of each and all. That it may increase, there must be, in each, a growing power of association and combination, resulting from increase in the diversity of employments — the consumer and the producer taking their places by each other's side. To prevent such approximation is the object of the "warfare" waged by the British manufacturer, as described in a former letter; and hence it is, that discord grows so steadily in all the countries subject to the British system — Ireland and India, Turkey and Portugal, Jamaica, and these United States. Seeking evidence of the existence of a perfect harmony of international interests, and of the necessity for measures tending to a reduction of the power to carry on that war, we may look to the statistics of the cotton trade for the past few years, to some few figures in regard to which, I desire now, Mr. President, to invite your attention.

Twenty years since, France consumed 200,000 bales of cotton. She now requires 400,000. Twenty years since, Germany required 100,000. She now requires 400,000. Twenty years since, Sweden took 6000 bales. She now takes 60,000. We have, thus, an increase in three highly protected countries, amounting to 550,000. Adding to this, the additional demand of Belgium and Denmark, Russia, Austria, and Spain, we obtain about 700,000, as the quantity added to the consumption, in the protected countries of Europe. Turning now homeward, we find the addition in our own consumption, in the six years that followed the passage of the protective act of 1842, to have been about 300,000 bales; and thus do we obtain, as the total additional consumption of the protected countries, the quantity of a million of bales.

In four years, ending with 1838, the quantity taken by the mills of Great Britain averaged 1,100,000 bales. In the four, ending with 1854, the average was 1,750,000—the difference having been 650,000. In the same period, however, there had been an increase in the export of mere yarn, to be woven abroad, amounting to 30,000,000 pounds; and an increase in the imports from India, to the extent of nearly twice that quantity, as I have reason to believe, although unable to obtain the precise figures. This last constitutes no addition to the supply of the world, there being no reason for believing that more cotton is raised in India now, than

was raised there twenty years since. The excess import into England, is a consequence of decline of the domestic manufacture, and of the growing necessity, throughout India, for making exchanges among themselves, through the medium of distant lands—precisely as the people of Illinois and Mississippi are now compelled to do. The additional yarn being included in the consumption of the countries to which it goes, and the additional India cotton giving no increase of supply, the two quantities are to be deducted from the apparent increase of British consumption. That done, we have little more than 400,000 bales, as the growth of consumption outside of the protected countries, against a million within them. Such being the case, the real interests of the planter would certainly be promoted, by the adoption in Ireland, India, Brazil, Turkey, Portugal, and other unprotected countries, of the system under which the consumption of Central and Northern Europe has so rapidly and wonderfully increased.

How is it possible, Mr. President, that these various communities could accomplish the work suggested? All of them are poor, and so, it will be said, they are likely to remain. So *must* they do, while they shall continue the work of destroying capital, as they are now doing; but, so they will not do, whenever they shall begin to establish that circulation of service which constitutes society, and economizes labor. Ireland feeds daily more than seven millions of people — all of them consumers of capital, while but few of them produce anything to represent the things consumed. More than three-fourths of the mental and physical power of that country goes to waste; but that waste would cease, so soon as A and B were enabled to exchange services with C and D; and they, each and all, were enabled to exchange with others. Estimating the loss as being equivalent to the labor of only two millions of men and women, and the value of the things they might produce, at only half a dollar per day, we obtain *a daily amount of a million of dollars;* and an annual one of $300,000,000. The effect of this labor in *utilizing* the coal, the ore, and the thousand other things, now useless, by which those idle millions are surrounded, would be, to add almost as much, yearly, to the value of the land in cultivation; and here we have an annual amount, far exceeding the total value of the machinery for mining coal and smelting iron ore, and for spinning and weaving cotton, wool, flax, and silk, now in use in England. Turning to India, we see a hundred millions of people, nine-tenths of whose powers are wasted for want of domestic commerce. Give them that, and capital will at once exist, to an amount far greater than that of the machinery of Britain and France combined. Looking next to Turkey and Portugal, we see millions of people in a situation precisely similar; and yet, they must all be fed, clothed, lodged, and kept in order for daily work. The *daily* loss, there, is greater than the annual amount of skill and labor given by England to the conversion of the cot-

ton and the wool, the iron, the copper, and the tin, they can afford to purchase. Let employments be diversified, and that loss will cease; and then, capital will be found to exist in vast abundance. So is it everywhere. Mexico and Peru would have an abundant supply of capital, were they enabled so to modify their policy as to produce that circulation which is required for securing, that each and every man be enabled to sell his own powers, and to become a competitor for the purchase of those of others. All force results from motion, and it is only because there is no motion in the society of Ireland, India, and Turkey, that those communities continue poor.

Looking now homewards, Mr. President, we find a waste of capital, in the form of physical and mental power, not exceeded by any country of the world, with the slightest claim to be held as civilized. Farm after farm is cleared, and State after State occupied, to be then in part abandoned, because of the growing necessity for robbing the earth of its soil, to be sold in distant markets. Mills follow mills, and furnaces follow furnaces—ruining, in quick succession, all who undertake such works. Employers and workmen spend years in acquiring skill — to be then turned adrift, to seek, in the wilds of the West, the food and clothing that the policy of the central government denies to them at home.

With every step in this direction, the tax of transportation grows — the necessity for new roads increasing, as the power to make such roads declines. The proportion of the population engaged in the work of transportation, and in political and trading speculation—the class of middlemen—that class which lives at the cost of the producers—is, therefore, a continually increasing one. Hence, Mr. President, it is, that we so steadily decline in both morals and manners—that being the road *from* civilization, and not the one leading *towards* it.

Look where we may, we witness a waste of labor, consequent upon the absence of that diversification in the demand for human effort, which is needed for giving us that freedom of domestic commerce, regarded by yourself as being so essential to the creation of an extended intercourse with foreign countries. Millions of human engines are constantly burning the fuel required for the production of the power to labor, and as constantly blowing off the steam that is produced. Look where we may, we see mills and furnaces, mines and roads, scarcely, even when at all, employed—all the power they are prepared to furnish, thus going to waste. Why is it wasted? Because, unable to find a market for his grain, the farmer is forced to store it. Why can he not sell it? Because the miller, the weaver, the carpenter, the miner, the mason, and the laborer, are unable to sell the force resulting from the consumption of food.

Look, I pray you, Mr. President, to the extraordinary waste of capital, consequent upon the necessity for using the most perish-

able materials in our houses, ships, roads, bridges, and other constructions, of every kind. This, too, is a growing waste, as is proved by the fact, that the rate of insurance against fire has doubled in the last few years. In countries that are advancing in civilization, security increases, and the rate declines. With us, security steadily diminishes, and the rate increases—thus furnishing further evidence that our tendencies are *from*, and *not towards*, civilization. Why is it, that we use so little iron? Is it because of any deficiency of coal and ore? Certainly not. Why, then, do we not profit by them? The country abounds in laborers, who would gladly employ themselves in the development of the treasures of the earth, could they obtain food in exchange for labor. Why is it so? Because the central government leaves the people entrusted to its care, exposed to a "warfare" having for its object, the prevention of the mining of coal, or the making of iron, in any country, except the single one of Britain. Because it holds, that while bound to protect itself, it is under no obligation to protect its constituents.

Look next, I pray you, Mr. President, to the taxation of our farmers, for the maintenance of the 7,000,000 tons of shipping, that carries our products to the distant markets, and reflect, that the cost of maintaining this great fleet, is paid by the people who have rude products to sell, and not by those who buy them. The man who *must* go to market, must pay the cost of going to it, let it take what form it may. The corn and the cotton pay for the maintenance of the ships—leaving to the cloth all the profits resulting from their contributions.

Look further, to the fact, that the loss of shipping, in a single year, by age and accident, is no less than 93,000 tons, as shown in the last Treasury Report. At $40 a ton, we have, here, no less than $37,000,000. Add to this, for the cargoes of these vessels, only a similar amount, and you have $74,000,000; all of which falls upon the people who furnish the machinery of transportation—it being the community whose products are most bulky, that pays the cost of going to, and returning from, the market.

Throughout the Union, Mr. President, there is a waste of power unparalleled in the world. That power is capital. At how much might it be valued, were it fully applied? At more than the whole of our present product—the quantity wasted being *greatly more* than that employed. Our present production has been estimated at $3,500,000,000 a year—being nearly $10,000,000 a day. Estimating the daily waste at no more than that sum, we should have for the *weekly* one, a sum equal to the capital that has been required for the creation of all the cotton-mills of England. Why do we not economize this capital, and let it appear in the form of mills? Why do we not bring the spindle to the plantation? Why do we not make a market at the mines and furnaces, for the produce of the farm? Because the central government refuses to permit the people to make the effort, *once*

for all, to free themselves from the tax of transportation. Because, in opposition to the views so well expressed by yourself, your immediate predecessors have held, that it was better for *each* man to go daily to the spring in search of water, than that *all* the men should unite in the effort to construct an aqueduct, by means of which the water should be enabled to come daily to their doors. That, Mr. President, is precisely what we are doing — each man sending his little products to the distant market, at daily cost for transportation, when only the slightest effort would be required for bringing the market to their land, and thus annihilating, *at once and for ever*, the tax of transportation.

In all countries, capital accumulates in the precise ratio of the economy of human power. That it may be economized, there *must* be differences in society, resulting from the development of the various faculties of men. The commercial policy of France tends in that direction, and therefore does she grow rich; while, for want of that policy, Turkey and Portugal, Ireland and India, and our Union, decline from day to day—doing this for the plain and simple reason, that in each and every of them there is an enforced waste of capital, amounting, weekly, to more than the annual value of the foreign manufactures they consume. Let them be emancipated from the dominion of trade — let them have commerce at home — and they will soon have more to sell, and will be enabled to buy far more than they now do — becoming larger customers to the producers of cotton and sugar on the one hand, and to the makers of silks and ribbons on the other; and adding, too, to the market of these latter, by increasing the demand for the products of the former.

The farmers of the world, Mr. President, are natural allies, as against the trader — he seeking to have their products at low prices, and they desiring to sell at high ones. In the natural order of things, then, the agricultural nations should be found united in their resistance to a warfare against themselves, having for its object, the cheapening of their products. In Europe, they are so found — all the advancing countries having adopted measures of protection. As a consequence, their demands upon our planters are steadily increasing; and yet, strangely enough, our planting interest is the steady opponent of protection, here and everywhere! Constantly profiting, as they do, by the increased demands of France and Germany, they appear before the world as advocates of the system, under which the Irish and Portuguese demand for cotton, has almost disappeared. Hence it is, that, instead of placing ourselves, as we might do, in the lead of the world, we are rapidly declining towards that condition of colonial dependence, from which we were rescued, by the war of 1776.

With great respect,

Your obed't servant,

HENRY C. CAREY.

Philadelphia, March 10th, 1858.

LETTER TWENTY-SEVENTH.

The first of all the taxes to be paid by land and labor being that of transportation, it follows, Mr. President, that it takes precedence of contributions required for the maintenance of the State. All that Iowa can claim of her citizens, is a share of the few cents there received for a bushel of corn, and not a share of the many cents paid for it in Manchester.

The tax of transportation diminishing with every increase in the power of combination, consequent upon increase in the diversity of employments, it follows, necessarily, that the power of the State grows with the growth of the power of combination among its people. The farmer close to New York, who sells his corn at a dollar a bushel, is more able to contribute to the support of government, than his competitor of Iowa, who gives four, five, or six bushels, for a similar quantity of money.

The greater the diversity of employments, the more is the tendency towards development of the various powers of the earth, and towards the creation of manufacturing and mining towns and villages — each constituting a local centre of attraction, capable of counteracting the centralizing tendencies of the State at large.

That these propositions are true, cannot, Mr. President, be questioned. Being so, the general laws deducible from them would seem to be as follows: The more numerous the demands for human faculty, and the greater their variety, the greater is the power of combination among men—the more productive must be their labor — the greater must be the tendency towards the creation and extension of local institutions—and the greater must be the power of the State of which they are a part.

Such being the law, it follows, necessarily, that the less the variety in the demand for human powers, the greater must be the tendency towards exhaustion of the soil, and dispersion of its people—every step in that direction being accompanied by diminution of local power, and growing weakness of the State.

That such *is* the law, we have proof in the enormous revenue of England of the present, as compared with the England of the Plantagenets; and in those of France, and all the countries that follow in the lead of Colbert, as compared with Ireland, India, Portugal, Turkey, and all other countries that follow in the direction now indicated by the economists of England.

How, Mr. President, is it with ourselves? The answer to this question would seem to be found in the single statement, that employments become less diversified from year to year. With each successive year, for ten years past, our people have been more

and more compelled to make their election between the work of robbing the soil, on the one hand, and plundering their fellow men, on the other — the proportion borne by traders and transporters, speculators and peculators, lawyers and politicians, office-hunters and office-holders, and middlemen of all descriptions, to the whole mass of society, having been a constantly increasing one. Great as, in those years, has been the tendency in that direction, it has increased tenfold, in the brief period in which you have occupied the presidential chair — mills, furnaces, mines, and machine shops having, everywhere, been closed, and hundreds of thousands of people having been reduced to choose between crime, on the one hand, and destitution, if not even death, on the other.

Such, Mr. President, being the state of things among the people, what should it be, in the relation of the people to the State? If increasing diversity of employments among the one, gives strength for the maintenance of the other, should not decline in that diversity be attended with growing weakness in the State? Assuredly it should, and that it really is so, we shall obtain abundant evidence, turn to what portion of the Union we may.

Looking first to New England, we witness an emigration of the most remarkable kind—each and every stage thereof being accompanied by consolidation of the land, diminution of cultivation, and decline of power to maintain schools, churches, roads, and government. From one quarter, we hear that it has become "evident that the number of families in quite a number of our agricultural towns is growing less. The old homesteads," as we are further told, "become the property of the adjacent husbandman, or go to ruin under the proprietorship of some far-off owner." From another, we learn, that "many of the churches are reduced to the last extremity," and that, "but for the missionary society, by which not a few of them are supplied, would yield at once to utter discouragement." Such being the general tendency throughout New England, the "wonder is not, that so many Eastern churches are drooping, but that they have so long borne up against the constant and copious depletion of their vigor and their piety."

Turning now to New York, we find a State in which the average yield of wheat, has fallen to little more than a dozen bushels — one, in which the diminution of the rural population, and the consolidation of the land, become more rapid with each successive year. Taking next, the Western portion of the State, one of the finest wheat-growing countries of the world, so recently a wilderness, we find its farmers already engaged in discussing the necessity of abandoning the wheat culture, as the only means of freeing themselves from the ravages of insects, provided by the Creator for the removal of diseased and decaying vegetable matter. Compelled to the exhaustion of their soil, and unable to vary their

cultivation, their plants become weaker from year to year, and more and more fitted to become the prey of the fly, and other enemies. As a consequence of this it is, that emigration steadily increases, and that the power to maintain the local institutions as steadily declines.

The young Ohio, now but little more than half a century old, has already become, and for similar reasons, the great emigrating State of the Union — the diminution in the yield of her land, having kept equal pace with augmentation of the pressure of taxation for local purposes. Passing thence, to the yet younger Indiana, we find the same great fact — local institutions that had been self-supporting, having been compelled to look abroad for the means of continuing their existence.

Turning now South, we see, in Virginia, a community occupying a land, that has been blessed by nature to an extent not exceeded in the world, and yet her government finds itself compelled to tax tradesmen and tavern-keepers, attorneys and dentists, clocks, harps, pianos, carriages, slaves, and numerous other commodities and things, for the purpose of obtaining the means required for its support. Quite recently, it has been proposed to lay an export duty upon oysters, as a means of maintaining the declining credit of the State! Having torn out and sold her soil, she has little now to sell, but slaves; and, as a necessary consequence, the burthen of the local institutions becomes greater from year to year. How it is with South Carolina, you have seen, Mr. President, in an extract from a Report made to the Agricultural Society of that State, given in a former letter.* Georgia has almost ceased to increase in population, although her territory, properly cultivated, would support half the people of the Union. Alabama, a State that, but forty years since, was almost entirely unoccupied, is following rapidly in the train of Carolina and Georgia — the yield of her soil decreasing — land becoming consolidated — and the power of extending, or even maintaining, churches, schools, or State, declining with each successive year.

The policy of the central government, Mr. President, tends to the subjection of the farmer, and the planter, to the trader, and to the building up of great cities, to be supported at the cost of those who produce corn and cotton, and need to consume cloth and iron. Look, I pray you, to the fact, that the city government of New York alone, expends, this year, more than $8,000,000. Who are the payers of these millions? The trader? The speculator? The property-holder? The ship-owner? It is none of these — all of them exercising the power to tax the unfortunate producers who find themselves compelled to depend upon distant markets, and to accept a single yard of cloth in exchange for the

* See note to Letter XXII.

corn that commands, in Manchester, ten or a dozen yards. The man who must go to market, must pay the cost of getting there, let it take what form it may; and among the items of cost, that of maintaining the traders, brokers, and speculators, of a city like New York, stands forth most conspicuously. The necessity for going to a single and distant market, increases with every year — every step in that direction being attended by an augmentation of the power of the trader and transporter, accompanied by decline in the powers of the land, and in the prices of its products. These, Mr. President, being evidences of declining civilization, we need be at little loss to account for the fact, that it has been here declared, that "free society has proved a failure," and that bondage is the natural condition of the laboring-man, be he white or black.

How is it, with our central government — the only one, claiming to be regarded as civilized, by which it is held, that the duties of government are limited to the protection of itself, and the compensation of its members and its servants — leaving wholly out of view the protection of the people, for the promotion of whose interests it was established? Do its demands upon the people diminish with the decline in the powers of the land, and in the prices of its products? Does the farmer who takes 12 bushels where his predecessor had obtained 24, pay less to the support of the Federal government? Does the flour which now sells for $4, contribute less to the support of Federal officers, than that which, forty years since, was sold at $10? Does the cotton which sells at 8 cents, contribute less for the support of ships of war, than that which sold, in 1816, at 25? Is the tobacco which commands $50 or $60, less taxed for the payment of senators and representatives, than that which sold, forty years since, for $100 or $120? — Let us, Mr. President, inquire.

In the half century which followed the close of the war of 1783, the highest expenditure of the Federal government, in time of peace, was $14,000,000; and even that amount had been reached only in the first term of General Jackson's administration — the average expenditure of his immediate predecessor, Mr. Adams, having been only $12,500,000, while that of Mr. Monroe's two terms, had been $13,000,000.

The average contribution, in the times of Messrs. Adams and Monroe, may be taken at about $1.70 per head. In General Jackson's first term, it was less — the population of 1830 having been nearly 13,000,000, and the amount of contribution only $14,000,000; or little more than a dollar per head. The reduction thus exhibited, was evidence of growing strength of the local powers — proving advance in civilization.

Five-and-twenty years have since elapsed, during the whole of which time, as you, Mr. President, have seen, the central government has been engaged in almost ceaseless efforts to extend its

powers, at the cost of the local authorities. During nearly all that period, its policy has tended to diminish the number of employments open to our people — to lessen the power of combination for any useful purpose — to increase the cost of transportation — to make the farmer and planter more dependent on the distant market — and thus to re-introduce the colonial system, so well described by *Mr. Gee*, from which we were emancipated by the war of 1776. The result is seen in the facts, that, while the population has increased but about 130 per cent., the expenditure has quintupled in amount, and more than doubled in its ratio to the number of persons by whom the contributions were paid.

Why is this so? Because, in opposition to the practice of the enlightened and civilized countries of the world, it is held by our central government, that the larger the space occupied by any given number of people, and the less, consequently, the power of association and combination, the greater must be the power of the state. Always on the watch for the acquisition of land, however poor, we have gone on, adding Florida to Lousiana, Texas to Florida, California to Texas, and New Mexico to California; and now hold ourselves ready, at almost any cost of honor, or of treasure, to become proprietors of Cuba, or Sonora. With every step in that direction, there arises a necessity for increase of fleets and armies, and increase in the number of public officers — with corresponding decrease in the power of the people to provide the means required for their support. In all advancing countries of the world, the proportion of the proceeds of labor required for the purposes of government, is a decreasing one. In all declining countries, it is an increasing one. With us, it steadily increases — the amount demanded, per head, being now twice as great as it was, when the selling prices of our raw products were more than twice as high as they are now.

That the progress of men, whether towards centralization or localization, slavery or freedom, barbarism or civilization, is one of constant acceleration, is a truth, the evidence of which is found in every page of history; but nowhere, Mr. President, can stronger proof be found, than in the records of our Treasury. Fifteen years since, under the administration of Mr. Tyler, the expenditure of the Federal government was $23,500,000. It is now $70,000,000, and there is every reason to believe, that before the end of your administration it will reach $100,000,000—the necessity for ships of war, and soldiers, increasing with the decline in value of all the commodities we have to sell. Five years since, the expenditures of New York city were under $3,000,000. They are now $8,500,000; and there is every reason to believe, that before the close of another decade, they will have largely grown—the power to tax the farmers and planters of the country, growing with every step in the progress towards reduction of the population to de-

pendence on the sale of the soil, in the form of wheat and cotton, for the means of present support.

For half a century, during which the Federal government was administered by Washington and his successors, down to Jackson, the general tendency of its action was towards carrying into practical effect the Declaration of our Independence. During nearly all that time, there was a general tendency towards increase in the diversity of employments, with constant increase in the power of association, in the strength of local action, and in the steadiness of the currency — no general suspension, in time of peace, having occurred in all that time. In the period that has since elapsed, the policy of the revolution has been abandoned, with constant increase in the dependence of the planter and farmer upon the distant trader. The power of local action, therefore, steadily declines, with constant diminution in the respect of the central government for local rights, and growing instability of the currency—the suspensions of payment, in that brief period, having been no less than three in number.

In the half century from Washington to Jackson — the policy of the country having been that of peace, and of the extension of that domestic commerce you have so well described—the Federal government was economically administered, and the power to contribute to its support was a steadily augmenting one. Since then — the policy having become that of free trade, annexation, and war — the expenses of the central government have greatly increased, while the power to contribute to its support, or to that of local institutions, has tended to diminish. In the first, Mr. President, all the phenomena we meet are those of an advancing civilization. In the other, they are those of a declining one. — How far the one, or the other, has tended to the production of strength in the State, I propose to examine in another letter — remaining meanwhile,

With great respect,

Your obed't servant,

HENRY C. CAREY.

Philadelphia, March 12th, 1858.

LETTER TWENTY-EIGHTH.

Steadiness and regularity of movement, in machinery of any kind, is necessary to the maintenance of motion, and the development of power. A steam-engine subjected to sudden and repeated shocks, could have but a brief existence. So, too, Mr. President, is it with individuals and societies — regularity of action being indispensable to the development of their powers, to durability, and to increase of their influence on the movements of the world at large. How far such regularity has been attained among ourselves, and how far our various systems of policy have tended to augment, or lessen, the ability to control our own movements, and to influence the action of the world, it is proposed now to show.

Peace was restored to the world in 1815. We had passed, almost unharmed, through a war with Great Britain, and had come out of it rich and strong. The tariff being a highly protective one, the customs-revenue was large — exceeding $36,000,000. One year later, the system was changed — all the changes being in the direction of present, or ultimate, abandonment of the idea of protecting the farmer in his efforts to bring the consumer to his side, and thus relieve himself from the wasting tax of transportation. Factories and furnaces being, therefore, closed, mechanics and laborers were compelled to seek the West, and sales of public land rapidly increased. Large receipts from both land and customs gave us, of course, a prosperous treasury — the total receipts of 1819 having been $24,000,000; collected, too, at a time when, as now, the number of unemployed workmen in each of our principal cities, counted by tens of thousands. — Suddenly, however, the scene changed — poverty of the people producing inability to continue the payment of contributions to the public treasury. The total revenue fell, in 1821, to $14,000,000, or little more than a third of what it had been, but five years previously; and the Treasury, but recently so rich, was reduced to the necessity of resorting to loans; and that, too, in a time of profound peace! — Such, Mr. President, was the result, so far as the Treasury was concerned, of the first free-trade experiment.

The year 1828 having given us a really protective tariff, the following were the receipts of the Treasury, in the brief period of its existence: —

	Customs.	Land.	Total.
1829	$22,681,000	$1,517,000	$21,198,000
1830	21,922,000	2,329,000	24,251,000
1831	24,224,000	3,210,000	27,434,000
1832	28,465,000	2,623,000	31,088,000
1833	29,033,000	3,967,000	33,000,000

Here, Mr. President, we have a steadiness, and regularity of movement, worthy of all admiration — each successive year gaining slightly upon its predecessor, and enabling the Treasury to command the respect and confidence of the world by the gradual discharge of debts contracted in time of war, and in the disastrous free-trade period, which had so closely followed the return of peace.

The Compromise Act of 1833 repudiated the idea of protection — the point provided to be reached by it, in 1842, having been that of a strictly revenue tariff, with a rate of duty limited to 20 per cent. As before, land sales became large, and the total revenue of 1836 exceeded $48,000,000. As before, however, the apparent prosperity was followed by real adversity — the total receipts of the following years having been as follows : —

1837	$18,000,000	1839	$30,000,000
1838	19,000,000	1840	16,000,000

The instability and irregularity exhibited in the period from 1817 to 1822, are here, Mr. President, reproduced — the revenue mounting to 48, and then falling to 18 millions — then, again, going up to 30, to fall to 16; and all this, too, in the short period of five years! Need we be surprised at seeing that, under such a course of action, the machine was shattered? Is it wonderful, that the Treasury so entirely lost the confidence of those who had money to lend, as to have failed in all its efforts to negotiate a loan, either abroad or at home, and to have been compelled to resort to the use of irredeemable paper, as affording the only means at its command, for maintaining the government in existence? To all intents and purposes, it was bankrupt — such having been the result of the second free-trade experiment.

The bankruptcy of the Treasury having produced another change of policy, and protection having been re-adopted, we find a restoration of order and regularity in the financial movement, as is shown in the following figures : —

	Customs.	Land.	Total.
1843–4	$26,183,000	$2,059,000	$28,242,000
1844–5	27,528,000	2,077,900	29,605,000
1845–6	26,712,000	2,699,090	29,406,000
1846–7	23,747,000	3,328,000	27,075,000

The policy being once more changed, and the free-trade policy re-adopted, we find a repetition of the irregularity observed in both of the former free-trade periods—the total revenue having varied between 30 and 72 millions, and having fallen to a point so low, as to compel the government, one year since so rich, to solicit purchasers for the irredeemable paper, to the use of which it has now been driven. In the absence of demand for its commodity, it has been compelled to forfeit its engagements for the payment of money—thus committing what, in the case of indi-

viduals, would be held to be acts of bankruptcy. Such is the point, Mr. President, at which we have now arrived, in the third experiment of a policy based upon the idea that governments are instituted for the purpose of protecting themselves, and not the people for whose use they have been created.

What, Mr. President, are the prospects of the Treasury for the remaining years of this experiment? That we may be enabled to answer this question, we must first inquire into the prospects of the farmers and planters — the power to contribute to the public revenue, being wholly dependent upon the prices obtainable for the masses of raw produce, that the policy of the central government compels us to throw upon foreign markets.

To enable us to predict the future, it is required, that we study the past. Doing this, we find, that each successive crisis has established a lower standard of prices for all our products — flour having declined steadily, until from $14, in 1816, it had, at the opening of the Crimean war, reached the point of $4.24; and cotton having declined from 25 cents, in 1816, to little more than 6, in the period that followed the crash of 1842. As regards the first, we have already evidence of the existence of a state of things nearly correspondent with that of 1852; and yet, the hundreds of thousands of farms that have recently been created, throughout the West, have scarcely begun to supply the market. Let them begin, and let the seasons be propitious, and the prices of their products are likely to find a point lower than has ever yet been touched. As regards the second, we have, already, the following facts: first, the average export-price from 1852 to 1856, was only 9 cents—having been lower than that of any free-trade period we ever yet have known; second, the present price, with a crop no larger than that of 1849, is nearly as low as that average; and, third, the power to produce cotton, with fair seasons, is now fully equal to a crop of 4,000,000 bales; or more, by 1,200,000, than the one that is now in market. Let that power be exercised, as we see it to have been, in the years that followed the last great crash, and we shall probably obtain a further confirmation of the general principle, that each successive financial crisis, consequent upon the adoption of the policy recommended by British economists and manufacturers, establishes an average price, lower than that which had preceded it. That proving to be the case, as now appears very probable, it would seem quite clear, that our power to pay for foreign commodities, with the proceeds of either food or cotton, must be very small indeed. As regards the existence of any such power, resulting from the exports of manufactures, it is needed only that we remark the facts, that most of our mills are closed — that the proprietors are ruined — and that, there is little probability of their soon being opened. Gold — travelling, as it always does, in company with other raw materials—we shall, of course, export; provided we can

ind the means to purchase it from Californian owners. Against that, however, there is a demand, for the payment of interest on debts contracted in the two free-trade periods, amounting to little less than $30,000,000 — constituting the first mortgage on our exports.

Our credit having disappeared, we can obtain no more goods than we can pay for, and that is little likely to equal $200,000,000, even if it exceed the $180,000,000 of 1850, when the customs revenue was $46,000,000. Since then, however, all duties having been reduced, while the free list has been much enlarged, the same amount of imports would, now, yield little more than $28,000,000.* Add to this a land revenue of $2,000,000, and we obtain a total of $30,000,000, as the probable receipts of a government, whose expenditures have already reached $70,000,000; and whose tendencies in the direction of increased expenditure are so very great, as to warrant the assumption, that they will speedily reach $100,000,000.

These estimates of the amount of imports, and of revenue, differ widely, Mr. President, from those of the Secretary of the Treasury, who tells us, that "looking to our probable exports, the great resources of our country, its unexampled prosperity in many branches of industry, its capacity to recover from temporary pressure in its trade and business, the opinion is expressed, with some confidence, that the reduction from this cause will not exceed twenty-five per centum;" and, that the customs-revenue upon which we may securely calculate, will be $69,500,000.

He who would predict the future, should be able to show that he had been able to anticipate the past. This, the honorable Secretary does not undertake to do. On the contrary, he admits, that the crisis had been "unforeseen;" and all his acts, as legislator, and as executive officer, from the opening of the session of 1856–7, prove that he did not, in the slightest degree, anticipate the recent changes. Had he done so, he would, certainly, have opposed the passage of the tariff act of 1857. Had he done so, he would not, so recently as September last, have purchased at a large advance, certificates of public debt, the payment for which so completely exhausted the funds at his command, as to render it necessary to withdraw from the Mint, all the funds appropriated to its use. Neither would he have had to call upon Congress to give its instant attention to the work of authorizing an issue of irredeemable paper, as the only means of keeping the government afloat. All the facts tending, thus, to prove, that the Secretary could not, in the spring and summer of 1857, predict

* The Secretary of the Treasury estimates the reduction of rates, effected by the recent tariff law, at 25 per cent. Adding to this the quantity of goods now freed from the payment of any duty whatsoever, we shall obtain a reduction of, more than a third.

the occurrences of the the autumn and winter that were to follow, I beg, Mr. President, to ask — desiring, at the same time, to disclaim the slightest feeling of disrespect for your Cabinet Minister — what reason have we for believing, that the predictions of December, '57, are to be realized In '58, '59, or '60? There is, as it appears to me, none whatever. They cannot be realized.

The crisis of '57 ought not to have been "unforeseen"—its approach having been heralded by the same phenomena, that had been observed in 1836. It was not "unforesecn" by those who had taken the trouble to study these phenomena, and to satisfy themselves, that like causes always produce like effects. Not only was it foreseen, but its arrival was publicly predicted; and in a manner, too, that should have induced such a study of the facts, on the part of a finance minister, as would have resulted in satisfying himself that the prediction could not fail, and that, too, speedily, to form a chapter in our financial history.

There being, at present, no reason for believing that our power to pay for foreign merchandize will be greater than it was some years since, and our credit having wholly disappeared, there is no warrant for supposing that the revenue, for the next three years, can exceed $100,000,000; but, there is abundant cause for the belief, that the expenditures of those years will exceed $250,000,000. Under such circumstances, there would seem little reason for doubting that the scenes of 1842 — exhibiting a total failure of confidence in the ability of the Treasury to meet its engagements, accompanied by an almost exclusive dependence upon the use of irredeemable government paper — are likely soon to be repeated.

How long, Mr. President, can such a system be maintained? How long can the government continue to expend eighty millions, while collecting only thirty? Is it not clear, that the road we are now travelling must end in bankruptcy the most complete? Will not the conviction that such must inevitably be the case, force itself upon the money-lenders of Europe, as well as upon our own?

We are, however, assured by you, that, the national credit being high, loans can be effected on "advantageous terms." To me, the reverse of this would seem to be the case — the rate of interest paid by our Treasury being higher than that paid by any other community, claiming to be in possession of a regularly organized and stable government. That rate is the true index to the confidence existing—the man of sober, industrious, and regular habits, always obtaining the use of money at rates far lower than those paid by gamblers and speculators, whose treasuries at one moment are overflowing, while at the next, they find themselves in the usurer's hands. Judging from the fact, that the trivial amount of money which constitutes our present debt, was obtained only on the condition of paying interest at the rate of six per cent., our credit cannot be regarded as being very good.

Should it be so, in face of the fact, that we are now again, and in a time of profound peace, compelled to resort to loans?

We pay higher interest than any community in the world, claiming to be held as civilized; and this we do, in common with all the countries that follow in the direction indicated by England — exporting rude products, and taking pay therefor, in trivial quantities of the same, returned in the form of finished commodities. Contrast, I pray you, Mr. President, our financial movements with those of France, and of all the countries that have followed her, in adopting the policy indicated by Colbert. Less than sixteen years since, the representatives of our Treasury were seen, and that, too, in a time of profound peace, knocking at the doors of all the bankers of Europe—seeking, in vain, to borrow a single dollar. Now, again, in time of peace, we find ourselves compelled to create a debt, the amount of which is likely, before the close of your administration, to exceed a hundred millions; provided, always, that it should prove possible to borrow that amount. France and Russia, on the contrary, have just passed through a war that has required enormous sacrifices of both men and money; and yet, neither the one, nor the other, has had occasion to go beyond its own territory to obtain the supplies it needed. Shut out, by order of the Allied Powers, from all the principal money-marts of Europe, Russia maintained her credit so perfectly, that her five per cent. stocks never, even for a single moment, fell below the par.

How would it be with us, Mr. President, in case of war, cut off, as we should be, from all our accustomed sources for revenue; with our ports blockaded, and our customs officers unemployed; with no demand for the rude products of the soil, and no demand for land; with a frontier accessible to the enemy, almost twice as great as it was, before the government entered upon its career of centralization, now five-and-twenty years since? Could we maintain our stocks at par? Certainly not! Abundant evidence would then be furnished of the accuracy of Johnson, when he declared that "extended empire, like extended gold, exchanged solid strength for feeble splendor." Never, at any period of our national existence, has the central government been so entirely incapable, as now, of guaranteeing to the people of the various States, of the Atlantic and the Pacific, the secure enjoyment of the rights of person and property; and yet, the expenditures of that government are five times greater than they were, when it first undertook to supersede the local authorities in the management of the currency.

France, Germany, Sweden, and Russia, and all other countries that have adopted the protective policy, grow daily stronger, while we grow daily weaker. Why is it so? Because, Mr. President, they appreciate the facts, that the first of all taxes is that paid to the trader and the transporter; that those taxes

take, therefore, precedence of the demands of government; and that the power of the latter to obtain revenue grows as the tax of transportation declines, and declines as that tax grows. Our government, on the contrary, closes its eyes to the existence of those facts.

Consequent upon this, it is, that those governments seek to promote the power of combination, while ours is incessantly laboring to destroy it; that the one seeks to give value to land, by facilitating the transfer of its products, while the other rejoices in the abandonment of land, and the emigration of its people; that the one seeks to create demand for all the powers of man, while the other limits the demand to that brute faculty required for the rudest cultivation on the one hand, and trade on the other; that the one would create a rich agriculture, while the other limits the business of its farmers and planters to the work of tearing out and selling the soil, and thus robbing the great treasury of nature; and, that the one seeks to supersede the trader and transporter in the government of its people, while the other labors to enable the trader and transporter to supersede itself.

The strength of all communities, Mr. President, increases in the ratio of the approximation of the prices of rude produce and finished products, In France, Germany, Russia, and throughout Northern and Central Europe, that approximation becomes, from year to year, more close; and therefore is it, that serfdom is gradually disappearing, and that those communities grow in strength, wealth and power. In Turkey, Portugal, India, and Mexico, those prices are steadily receding, and hence it is, that they all decline in wealth and strength—that so little confidence is felt in their future—that men become less free, from year to year—and that they find it necessary to pay so large an interest, when they need to borrow money. So, too, is it with ourselves, and hence it is, that our Treasury pays always so high a rate of interest; and, that among those by whom it has been directed, the belief in the necessity of man's enslavement has been a constantly growing one. Russia emancipates her serfs, at the moment when we are agitating the re-opening of the African slave trade!

The more the subject is studied, the more, as I think, must it become apparent to you, that what we need is, not a reduction of the local powers, but such a reformation of the action of the central power, as shall make it harmonize with the ideas of your most distinguished predecessors.

With great respect,

Your obed't servant,

HENRY C. CAREY.

Philadelphia, March 15th, 1858.

LETTER TWENTY-NINTH.

(CONCLUSION.)

Our public warehouses, Mr. President, are filled with foreign merchandise, always ready to supply the material of auction sales. Our auctioneers are constantly at work, supplying the wholesale and retail dealers, at prices fixed by themselves. Our shops are gorged so thoroughly, with foreign food and labor in every form, from the coarsest woollens to the finest silks, as to leave no place for the domestic food and labor that seek a market. Such is the mode of "warfare," by means of which "*the most wealthy capitalists*" of Britain "*are enabled to overwhelm all foreign competition in times of great depression, and thus to clear the way for the whole trade to step in, when prices revive, and to carry on a great business, before foreign capital can again accumulate to such an extent, as to be able to establish a competition in prices with any chance of success.*" Such, Mr. President, is the sort of warfare, by means of which Ireland and India have been ruined, without the necessity for firing a gun, or drawing a sword. Such is the warfare against which your fellow-citizens, for ten years past, have sought, but vainly sought, to be protected — the only answer to their petitions having been, that the duties of the government were limited to the task of protecting itself, leaving the people to protect themselves as they could.

As a consequence of this it is: that after a growth of pauperism, steadily continued during the last ten years, we find it suddenly so much expanded, that hundreds of thousands of our people are wholly unable to sell their labor, or to purchase food and clothing:

That factories, mills, mines, and furnaces, the cost of which has counted by hundreds of millions of dollars, are now closed, and likely so to remain:

That the power to diversify the employments of society declines from day to day:

That, simultaneously therewith, we add to our population a million of persons annually:

That, the necessity for resorting to the labors of the field, as affording the only means of support, steadily increases:

That the supply of food tends, therefore, to augment, as the domestic consumption declines:

That its price tends, therefore, steadily to fall, and is likely now to be lower than has ever yet been known:

That the farmer, thus deprived of the ability to develop the powers of his land, is more and more forced to limit himself to

the work of robbing the earth of its soil, to be sold in distant markets:

That the competition thus produced, for the sale of food, is most injurious to the farmers of Continental Europe:

That the latter are thus deprived of the power to purchase cotton, the price of which, with favorable seasons, is likely to fall to a lower point than has ever yet been reached:

That the rewards of agricultural labor must, therefore, steadily decrease, as the necessity for resorting to the labors of the field increases:

That with every step in this direction, both farmer and planter become more entirely dependent upon the mysterious changes of foreign markets—prices rising, or falling, as consequences of acts over which they can have no control whatsoever:

That under such circumstances, agriculture must become, with each successive year, more gambling in its character:

That the rewards of productive industry must diminish, as the temptation to engage in gambling and speculation becomes greater, from year to year.

That the proportion of the population acting as middlemen, in the various capacities of trader and transporter, lawyer and politician, office-hunter and office-holder, must continue to increase:

That the taxes of the trader and transporter must steadily augment, as the powers of the land decline:

That as that taxation grows, the necessity for further dispersion of the population, with growing necessity for further roads, must steadily increase:

That, the greater the dependence on roads and ships, the less must be the power to command the use of efficient ships and roads:

That the dependence of the farmer and the planter upon the city trader, and that of the country at large upon the bankers of Europe, must become greater from year to year:

That the power of commanding the services of the precious metals must steadily diminish:

That commerce at home must decline, as the dependence on foreign markets increases:

That growing dependence upon the trader, and constantly increasing instability in the societary action, must be attended by constant diminution in the feeling of responsibility, and as constant increase in the demoralization that, with each successive day, becomes more clearly manifest:

That the waste of power, now so great, must steadily increase, with constant decline in the ability to produce the commodities required for consumption:

That the ability to maintain the local institutions must continue to diminish, and the necessity for further additions to our territory must as regularly increase:

That the expenditure of the Federal government must be a con-

stantly augmenting quantity — the needs of the Treasury growing as the powers of the people decline:

That bankruptcy of the state must follow, as a necessary consequence:

That constantly growing discord among the States must ultimately annihilate all confidence in, and all desire for, the maintenance of the Union: and

That, with each successive year, it must become more obvious, that the day is fast approaching, when "the republics of Greece, Rome, and America, are to stand together among the ruins of the past."

Such, Mr. President, has been the tendency of affairs, for the quarter-century that has elapsed, since the Federal government undertook the management of the currency — the only difference between the picture here presented, and that required for presentation of the period from '37 to '42, being, that the shades demanded by the present, are far deeper than those needed for the past. Then, centralization had but just begun to show itself. Now, it is fast becoming universal. Till then, the right of the States to control their local institutions, had scarcely at all been questioned. Now, the central power controls the municipal elections, and menaces with extinction, the local rights. More progress having been made, in this direction, under your immediate predecessor, than had been made in the preceding five-and-twenty years, that of each successive year is likely, should our present policy be maintained, to be greater than that of the five years through which we last have passed — the progress of man, in whatsoever direction, good or bad, being one of constant acceleration.

Why, Mr. President, should such things be? Why is it, that when, as you have told us, "the earth has yielded her fruits abundantly, and has bountifully rewarded the labors of the husbandman" — when "our great staples have commanded high prices," and when we "have possessed all the elements of material wealth in rich abundance" — that our "monetary interests" are in the "deplorable condition" you have so well described? "Why is it, that "in the midst of unsurpassed plenty in all the productions of agriculture and in all the elements of national wealth, we find our manufactures suspended, our public works retarded, our private enterprises of different kinds abandoned, and thousands of useful laborers thrown out of employment, and reduced to want?" Why is it, that "the revenue of the government, which is chiefly derived from duties on imports from abroad, has been greatly reduced, whilst the appropriations made by Congress at its last session for the current fiscal year are very large in amount?"

Seeking a reply to these questions, we are met, at once, by the fact, that they are precisely those which were asked in '22 and '42, the former free-trade periods; but directly the reverse of those which

might have been asked in 1817, in 1835, and in 1847, the closing years of the three periods in which it had been held, that it was among the duties of a government to protect its people, and that when it failed to do so, they would be governed from abroad — the home government being superseded by a foreign one, as is now so much the case.

Seeking abroad a further answer, we find the people of France profiting largely by increase in the value of the products of the land, and of the land itself. Turning towards Denmark and Germany, we find the serfs of the last century to have been replaced by hundreds of thousands of small proprietors. Looking to Russia, we are met by decrees, in virtue of which, serfdom has already ceased throughout a large portion of the empire, and must speedily cease in all. In all of these, the State becomes stronger and more self-dependent, from year to year; whereas, with us, it becomes weaker and more dependent.

Why should there be such differences? Because, the policy of all those countries tends towards the promotion of domestic commerce, and towards the substitution of the power of the government for that of the traders and transporters — the former finding its strength increase with the growing wealth and power of the people, and the latter rejoicing in their poverty and weakness. We, on the contrary, are gradually, but certainly, transferring the powers of the government to the hands of those who profit by trade and transportation, and who, therefore, rejoice in destroying the power of association and combination. Hence it is, Mr. President, that we, who claim to be the especial friends of freedom, are constantly seeking the extension of slavery, while the despots of Europe are as constantly engaged in striking the chains from their subjects' limbs.

What we need is, the adoption of measures tending towards limitation of the power of taxation exercised by foreign and domestic traders and transporters, by which the value of land and labor is now destroyed. Such was the tendency of the act of August, 1842, which came into existence when commerce had almost ceased, when bankruptcy was almost universal, and when confidence in man, in banks, in States, and in the Federal Treasury, had nearly perished. Scarcely had it become a law, when commerce once more started into life, confidence was restored, and hope in the future was found taking the place of the despair, that previously had been so nearly universal. Why was this? Because it had for its objects, the diversification of the demands for labor, the facilitation of combination, the extension of commerce, and the economizing of human power. It gave us, Mr. President, that sort of free trade, that, as you have clearly seen, we so greatly need — freedom of intercourse between man and man, town and town, county and city, State and State. That commerce we now have not, nor can we have it, while the policy of the Federal

government shall continue to be in accordance with the desires of the people who seek to have raw materials cheap, and finished commodities dear, and find, in enormous capitals, the most useful of all the instruments of warfare required for depriving the nations of the world, of all power for maintaining direct intercourse with each other.

Restore the act of 1842, Mr. President, and a demand for labor will arise — relieving us of all further necessity for perusing the shocking accounts of poverty, despair, crime, and death, with which our journals are now filled. Let it be restored, and mills and furnaces will at once be re-opened — making demand for labor, food, and raw materials, and checking decline in the prices of corn and cotton. Let it be restored, and your second Message will present a picture of prosperity among the people, and strength in the State, directly the reverse of the exhibit of poverty in the one, and weakness in the other, offered by your first.

Why can it not be restored? Because the generally dominant party — failing to see that the sort of free trade we really needed, was the one you have yourself so well described — has, for more than twenty years, repudiated the ideas of our revolutionary fathers, and of all our presidents from Washington to Jackson; and, having done so, must now repudiate all change. That it may maintain its consistency, it is required that we continue to pursue a policy that has been repudiated by all the advancing nations of Europe, and that has, wherever tried, here or elsewhere, resulted in bankruptcy and ruin. That it may be maintained, we must continue to exhaust our land; we must continue to pay a tax of transportation, greater than would be required for maintaining millions of men in arms; we must continue to waste capital capable, if properly applied, of more than doubling our productive power; we must continue to see our people perish, in default of power to find purchasers for their labor; we must continue to see capital acquire power at the cost of labor; we must continue and extend, the necessity for seeking public employments; we must continue to enlarge our territory, and with it, the necessity for fleets and armies; we must continue to augment the power of the central authorities, at the cost of the local ones; and finally, we must proceed onward in a course leading, and that inevitably, to the downfall of the system established by the men who achieved the Revolution, and who made the Constitution of 1789.

Those, Mr. President, who advocate further progress in that direction, can have little idea of the terrific responsibility that attaches itself to the administration of the affairs of nations. If it is a crime to take the life of a single man, what must it be, to subject millions of people to a policy leading inevitably to poverty, despair, and death? — If seduction is a crime, what, Mr. President, is the criminality of those who, for party purposes, advocate the maintenance of a system which, by destroying the

demand for female labor, leaves to tens, even if not hundreds, of thousands of our women, no choice but that between prostitution on the one hand, and starvation on the other?

It is time, that those charged with the administration of our affairs, should waken to the knowledge, that protection to the people is, in fact, protection to the government itself. The policy which transfers to foreign merchants and foreign States, the power of taxation, must result in bankruptcy of the treasury, ruin of the people, and downfall of the government. So it has always been, and so must it ever be.

The rock upon which our ship is likely, Mr. President, to be wrecked, is that of trading and political centralization—the last a necessary consequence of the first. The more the policy of the country tends towards augmentation of the tax of transportation, the more rapid becomes the motion of our ship in the wrong direction, and the nearer approaches the day of wreck. You, Mr. President, are our pilot, and if we are to avoid the rocks, it is for you to change the direction of the helm. If that be not done, the story of our Union will stand before posterity, as presenting the most remarkable case of shipwreck recorded in the annals of the world.

Hoping, that under your pilotage, the course may be changed, and that the period of your administration may stand upon the record, as the one in which the policy of fostering domestic commerce as the true foundation of an extended intercourse with foreign nations, had been definitively adopted, I remain, Mr. President, with many apologies for my repeated trespasses upon your time and attention,

With great respect,

Your obed't servant,

HENRY C. CAREY.

Philadelphia, March 17th, 1858.

THE END.

FINANCIAL CRISES:

THEIR

CAUSES AND EFFECTS.

BY

HENRY C. CAREY.

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FINANCIAL CRISES: THEIR CAUSES AND EFFECTS.

LETTER FIRST.

Dear Sir. — In your recent and highly interesting volume, which I have just now read, there is a passage to which, on account of its great importance as regards the progress of man towards an ultimate state of perfect freedom or absolute slavery, I feel disposed to invite your attention. It is as follows: "I am pained to hear such bad news from the United States — such accounts of embarrassments and failures, of sudden poverty falling on the opulent, and thousands left destitute of employment, and perhaps of bread. This is one of the epidemic visitations against which, I fear, no human prudence can provide, so far, at least, as to prevent their recurrence at longer or shorter intervals, any more than it can prevent the scarlet fever or the cholera. A money market always in perfect health and soundness would imply infallible wisdom in those who conduct its operations. I hope to hear news of a better state of things before I write again."

Is this really so? Can it be, that the frequent recurrence of such calamities is beyond the reach of man's prevention? To admit that so it certainly was, would be, as it seems to me, to admit that Providence had so adjusted the laws under which we exist, as to produce those "epidemic visitations" of which you speak, and of which the direct effect, as all must see, is that of placing those who need to sell their labor at the mercy of those who have food and clothing with which to purchase it — increasing steadily the wealth, strength, and power of these latter, while making the former poorer and more enslaved. Look around you, in New York, at the present moment, and study the effects, in this respect, of the still-enduring crisis of 1857. Turn back to those of 1822 and 1842, and see how strong has been their tendency to compel the transfer of property from the hands of persons of moderate means to those of men who were already rich — reducing the former, with their wives and children, in thousands, if not even hundreds of thousands of cases, to the condition of mere laborers, while largely augmenting the number and the fortunes of "merchant princes" who have no need to live by labor. Look around you and study the growth in the number of your millionaires, side by side with a pauperism now exceeding in its proportions that of Britain, or even that of Ireland. Look next to the condition of the men who labor throughout the country, deprived as they have been, and yet are, of anything approaching to steadiness of demand for their services, in default of which they have been, for two years past, unable suitably to provide for their wives, their children, or themselves. Study then the condition of the rich money-lenders throughout the coun-

try, enabled, as they have been, to demand one, two, three, and even four and five per cent per month, from the miners, manufacturers, and little farmers of the Union, until these latter have been entirely eaten out of house and home. Having done all this, you can scarcely fail to arrive at the conclusion, that unsteadiness in the societary movement tends towards slavery — that steadiness therein, on the contrary, tends towards the emancipation of those who have labor to sell from the domination of those who require to buy it—and that, therefore, the question referred to in the passage I have quoted, is one of the highest interest to all of those who, like yourself, are placed in a position to guide their fellow-men in their search for prosperity, happiness, and freedom.

The larger the diversity in the demand for human powers, the more perfect becomes the division of employments, the larger is the production, the greater the power of accumulation, the more rapid the increase of competition for the *purchase* of the laborer's services, and the greater the tendency towards the establishment of human freedom. The greater that tendency, the more rapid becomes the societary action — its regularity increasing with every stage of progress. In proof of this, look to that world in miniature, your own printing-office, studying its movements, as compared with those of little country offices, in which a single person not unfrequently combines in himself all the employments that with you are divided among a hundred, from editor-in-chief to newsboy. The less the division of employments, the slower and more unsteady becomes the motion, the less is the power of production and accumulation, the greater is the competition for the *sale* of labor, and the greater is the tendency towards the enslavement of the laborer, be he black or white.

The nearer the consumer to the producer, the more instant and the more regular become the exchanges of service, whether in the shape of labor for money, or food for cloth. The more distant the producer and consumer, the slower and more irregular do exchanges become, and the greater is the tendency to have the laborer suffer in the absence of the power to obtain wages, and the producer of wool perish of cold in the absence of the power to obtain cloth. That this is so, is proved by an examination of the movements of the various nations of the world, at the present moment. Being so, it is clear, that if we would avoid those crises of which you have spoken—if we would have regularity of the societary movement — and if we would promote the growth of freedom—we must adopt the measures needed for bringing together the producers and consumers of food and wool, and thus augmenting their power to have commerce among themselves.

The essential characteristic of barbarism is found in instability and irregularity of the societary action — evidence of growing civilization being, on the contrary, found in a constantly augmenting growth of that regularity which tends to produce equality, and to promote the growth of freedom. Turn, if you please, to the *Wealth of Nations*, and mark the extraordinary variations in the prices of wheat in the days of the Plantagenets, from *six* shillings, in money of the present time, in 1243, to *forty-eight* in 1246, *seventy-two* in 1257, *three hundred and thirty-six* in 1270, and *twenty-eight* in 1286. That done, see how trivial have been the changes of France and England, from the close of the war in 1815,

to the present time. Next, turn to Russia, and mark the fact, given to us by a recent British traveller, that, in those parts of the country that have no manufactures, the farmer is everywhere "the victim of circumstances" over which he has no control whatsoever—the prices of his products being dependent entirely upon the greater or smaller size of the crops of other lands, and he being ruined at the very moment when the return to his labor has been the most abundant. Look then to the changes throughout our own great West in the present year—wheat having fallen from $1.30 in May to 50 cts. in July—and you will see how nearly the state of things with us approximates to that of Russia. Compare all this with the movements of England, France, and Germany, and you will, most assuredly, be led to arrive at the conclusion, that the stability whose absence you deplore, is to be sought by means of measures looking to the close approximation of the producer and the consumer, and to the extension of domestic commerce.

Five years since, British journals nearly all united in predicting the advent of a great financial crisis, the seat of which would be found in France and Germany. More careful observation might have satisfied them that the tendency towards such crises was always in the direct ratio of the distance of consumers from producers, and that the real places in which to look for that which was then predicted, were those countries which most seemed bent on separating the producers and consumers of the world, Britain and America—the one seeking to drive all its people into the workshops, and the other laboring to compel them all to seek the fields, and both thus acting in direct defiance of the advice of Adam Smith. The crisis came, spending its force upon *those two countries*—France, Belgium, and Germany escaping almost entirely unharmed, and for the reason, that in all these latter the farm and the workshop were coming daily more near together, and commerce was becoming more rapid, free, and regular.

Russia and Sweden have, however, suffered much—the crisis having become, apparently, as permanent as it is among ourselves. Why should this be so? Why should they be paralyzed, while France and Germany escape uninjured? Because, while these latter have persisted in maintaining that protection which is needed for promoting the approximation of producers and consumers, the former have, within the last three years, departed essentially from the system under which they had been so rapidly advancing towards wealth and freedom—adopting the policy advocated by those writers who see in the cheapening of the labor and of the raw materials of other countries, the real British road to wealth and power.

Throughout Northern and Central Europe, there has been, in the last half century, a rapid increase in the steadiness of the societary movement, and in the freedom of man—that increase being the natural consequence of increased rapidity of motion resulting from a growing diversification in the demand for human services, and growing competition for the *purchase* of labor. In Ireland, India, Spanish America, and Turkey, the reverse of this is seen—producers and consumers becoming more widely separated, and exchanges becoming more fitful and irregular, with growing competition for the *sale* of labor. Why this difference? Because the policy of the former has been directed towards protecting the farmer in his efforts to draw the market nearer to him,

and thus diminish the wasting tax of transportation, while the latter have been steadily becoming more and more subjected to the system which seeks to locate in the little island of Britain the single workship of the world.

How it has been among ourselves, is shown in the following brief statement of the facts of the last half century. From the date of the passage of the act of 1816, by which the axe was laid to the root of our then-rapidly-growing manufactures, our foreign trade steadily declined, until, in 1821, the value of our imports was less than half of what it had been six years before. Thenceforward, there was little change until the highly-protective act of 1828 came fairly into operation — the average amount of our importations, from 1822 to 1830, having been but 80 millions—and the variations having been between 96 millions in one year and 70 in another. Under that tariff, the domestic commerce grew with great rapidity — enabling our people promptly to sell their labor, and to become better customers to the people of other lands, as is shown by the following figures, representing the value of goods imported:

1830–31	$103,000,000
1831–32	101,000,000
1832–33	108,000,000
1833–34	126,000,000

Here, my dear sir, is a nearly regular growth — the last of these years being by far the highest, and exceeding, by more than 50 per cent, the average of the eight years from 1822 to 1830. In this period, not only did we contract no foreign debt, but we paid off the whole of that which previously had existed, the legacy of the war of independence; and it is with nations as with individuals, that "out of debt is out of danger."

The compromise tariff began now to exert its deleterious influence — stopping the building of mills and the opening of mines, and thus lessening the power to maintain domestic commerce. How it operated on that with foreign nations, is shown in the facts, that the imports of 1837 went up to $189,000,000, and those of 1838 down to $113,000,000 — those of 1839 up to $162,000,000, and those of 1840 down to $107,000,000; while those of 1842 were *less than they had been ten years before*. In this period, we ran in debt to foreigners to the extent of hundreds of millions, and closed with a bankruptcy so universal, as to have embraced individuals, banks, towns, cities, States, and the national treasury itself.

That instability is the essential characteristic of the system called free-trade, will be obvious to you on the most cursory examination of the facts presented by the several periods of that system through which we have thus far passed. From more than $100,000,000, in 1817, our imports fell, in 1821, to $62,000,000. In 1825, they rose to $96,000,000, and then, two years later, they were but $79,000,000. From 1829 to 1834, they grew almost regularly, but no sooner had protection been abandoned, than instability, with its attendant speculation, reappeared — the imports of 1836 having been greater, by 45 per cent, than those of 1834, and those of 1840 little more than half as great as those of 1836.

Once again, in 1842, protection was restored; and once again do we

find a steady and regular growth in the power to maintain intercourse with the outer world, consequent upon the growth of domestic commerce, as is shown in the following figures:

1843–44	$108,000,000
1844–45	117,000,000
1845–46	121,000,000
1846–47	146,000,000

We have here a constant increase of *power* to go to foreign markets, accompanied by a constant decrease in the *necessity* for resorting to them — the domestic production of cotton and woollen goods having doubled in this brief period, while the domestic production of iron had more than trebled.

Twelve years having elapsed since the tariff of 1846 became fairly operative, we have now another opportunity for contrasting the operation of that policy under which Russia and Sweden are now suffering, with that of the one under which they had made such rapid progress — that one which is still maintained by Germany and by France. Doing this, we find the same instability which characterized the periods which preceded the passage of the protective tariff acts of 1824, 1828, and 1842, and on a larger scale — the imports having been $178,000,000 in 1850, $304,000,000 in 1854, $260,000,000 in 1855, $360,000,000 in 1857, $282,000,000 in 1858, and $338,000,000 in 1859 — and our foreign debt, with all its tendency towards producing those crises which you so much deplore, having been augmented probably *not less than three hundred millions of dollars.*

Ten years since, there was made the great discovery of the Californian gold deposits—a discovery whose effect, we were then assured, was to be that of greatly reducing the rate of interest paid by those who labored to those others who were already rich. Have such results been thus far realized? Are not, on the contrary, our workingmen — our miners and manufacturers, our laborers and our settlers of the West — now paying *thrice* the price for the use of money that was paid at the date of the passage of the tariff act of 1846? Are not these latter, at this moment, paying three, four, five, and even as high as six per cent per month? Are they not paying more *per month,* than is paid *per year* by the farmers of the protected countries of the European world? That they are so, is beyond a doubt. Why it is so is, that although we have received from California five hundred millions of gold, we have been compelled to export, in payment for foreign food in the form of iron and lead, cloths and silks, more than four hundred millions — leaving behind little more than has been required for consumption in the arts. Had we made our own iron and our own cloth, thus making a domestic market for the products of our farms, would not much of this gold have remained at home? Had it so remained, would not our little farmers find it easier to obtain the aid of capital at the rate of six per cent *per annum,* than they now do at three, four, or five per cent *per month?* Would not their power of self-government be far greater than it is now, under a system that, as we see, makes the poor poorer, while the very rich grow richer every day? Reflect, I pray you, upon these questions and these facts, and then answer to yourself if the crises of which you

speak are not the necessary results of an erroneous policy of which, during so long a period, you have been the steady advocate.

The history of the Union for the past half century may now briefly thus be stated: We have had three periods of protection, closing in 1817, 1834, and 1847, each and all of them leaving the country in a state of the highest prosperity — competition for the *purchase* of labor then growing daily and rapidly, with constant tendency towards increase in the amount of commerce, in the steadiness of the societary action, and in the freedom of the men who needed to sell their labor.

We have had three periods of that system which looks to the destruction of domestic commerce, and is called *free trade*—that system which prevails in Ireland and India, Portugal and Turkey, and is advocated by British journalists — each and all of them having led to crises such as you have so well described, to wit, in 1822, 1842, and 1857. In each and every case, they have left the country in a state of paralysis, similar to that which now exists. In all of them, the exchanges have become more and more languid, the societary movement has become more and more irregular, and the men who have needed to sell their labor have become more and more mere instruments in the hands of those who had food and clothing with which to purchase it.

All experience, abroad and at home, tends, thus, to prove that men become more free as the domestic commerce becomes more regular, and less and less free as it becomes more and more fitful and disturbed. Such being the case, the questions as to the causes of crises, and as to how they may be avoided, assume a new importance — one greatly exceeding, as I imagine, that which you felt disposed to attach to them when writing the passage which has above been given. To my apprehension, they are questions of liberty and slavery, and therefore it is that I feel disposed to invite you, as a friend of human freedom, to their discussion through the columns of your own journal, the *Evening Post*—that discussion to be carried on in the spirit of men who seek for truth, and not for victory. If you can satisfy me that I am in error as to either facts or deductions, I will at once admit it; and you, I feel assured, will do the same. As an inducement to such discussion, I now offer to have all your articles reprinted in protectionist journals, to the extent of 300,000 copies — thereby giving you not less than *a million and a half of readers*, among the most intelligent people of the Union. In return, I ask of you only, that you will publish my replies in your single journal, with its circulation of, as I am told, fifteen or twenty thousand. That this is offering great odds, you must admit.

It may, however, be said, that the replies might be such as would occupy too large a portion of your paper; and to meet that difficulty, I now stipulate that they shall not exceed the length of the articles to which answers are to be given — thus leaving you entire master of the space to be given to the discussion. Hoping to hear that you assent to this proposition, I remain, very respectfully,

Your obedient servant,

HENRY C. CAREY.

W. C. BRYANT, ESQ.

PHILADELPHIA, *December* 27, 1859.

LETTER SECOND.

DEAR SIR.—Allow me now to ask you why it is, that great speculations, followed by crises and by almost total paralyses, such as you have so well described, *always* occur in free trade times, and *never* in periods when the policy of the country is being directed towards the creation of domestic markets, and towards the relief of our farmers from the terrific taxes of trade and transportation to which they are now subjected? That such are the facts, you can readily satisfy yourself by looking back to the great speculations of the four periods of 1817, 1836, 1839, and 1856, followed by the crises of 1822, 1837, 1842, and 1857 — and then comparing them with the remarkable steadiness of movement which characterized those of the protective tariffs of 1828 and 1842. Study our financial history as you may, you will find in its every page new evidence of the soundness of the views of Washington, Jefferson, and Hamilton, Adams, Madison, and Monroe, each and all of whom had full belief in the accuracy of the ideas so well enunciated by General Jackson, when he declared that we "had been too long subject to the policy of British merchants"—that it was "time we should become a little more *Americanized*"—and that, if we continued longer the policy of feeding "the paupers and laborers of England" in preference to our own, we should "all be rendered paupers ourselves."

Why is all this? Why must it be so? Why must, and that *inevitably*, speculation, to be followed by crises, paralyses, and daily-growing pauperism, be the invariable attendant upon the policy which looks to the separation of the producer of raw products from the consumer of the finished commodities into which rude materials are converted? To obtain an answer to all these questions, let us look again, for a moment, to the proceedings connected with the printing and publication of the *Evening Post*. Dealing directly with your paper-maker, you pay him cash, or give him notes, in exchange for which he readily obtains the money — no artificial credit having been created. Place yourself now, if you please, at a distance of several thousand miles from the manufacturer, and count the many hands through which your paper would have to pass — each and every change giving occasion to the creation of notes and bills, and to the charge of commissions and storage; and you will, as I think, be disposed to arrive with me at the conclusion, that the tendency towards the creation of artificial credits, and towards speculation, grows with the growth of the power of the middleman to tax the producers and consumers of the world.

Seeking further evidence of this, let me ask you to look at the circumstances which attend the sale of your products. Now, your customers being close at hand, you are paid in cash—your whole year's business not giving, as I suppose, occasion for the creation of a single note. Change your position, putting yourself in that of the Manchester manufacturers, at a distance of thousands of miles from your customers, compelled to deal with traders and transporters, and study the quantity of

notes and bills, with their attendant charges, that would be created—the augmentation of price and diminution of consumption that would be the consequence—the power that would be accumulated in the hands of those who had money to invest, and desired to produce such crises as those which you have so well depicted—and you will, most assuredly, arrive at the conclusion that there is but one road towards steadiness and freedom, and that that road is to be found in the direction of measures having for their object the more close approximation of the producers and consumers of the products of the earth.

Studying next the great facts of our financial history, with a view to ascertain how far they are in accordance with the theory you may thus have formed, you will see that, in those prosperous years of the tariff of 1828, from 1830 to 1833, the quantity of bank notes in circulation was but 80 millions. No sooner, however, had we entered upon the free trade policy, providing for the gradual diminution and ultimate abolition of protection, than we find a rapid growth of speculation, consequent upon the growing power for the creation of artificial credits—the average circulation of the years from 1834 to 1837 having been no less than 149 millions, or nearly twice what it before had been. Under the protective tariff of 1842, the average was but 76 millions; but no sooner had protection been abandoned, than we find an increase so rapid as to have carried up the average from 1846 to 1849, to 113, and that of 1850 and 1851, to 143 millions. In that period speculation had largely grown, but prosperity had as much declined. When the circulation was small, domestic commerce was great — mines having been opened, furnaces and factories having been built, and labor having found its full reward. When, on the contrary, the circulation had become so great, mines were being closed and miners were being ruined — furnaces and factories were being sold by the sheriff, and our people were unemployed. In the one case, men were becoming more free, while in the other they were gradually losing the power to determine for themselves to whom they would sell their labor, or what should be its reward. In the one, there was a growing competition for the *purchase* of the laborer's services. In the other, there was increasing competition for their *sale*. Such having invariably been the case, can you, my dear sir, hesitate to believe, that the question to whose discussion I have invited you, *is not* one of the prices of cotton or woollen cloths, but *is*, really, that of man's progress towards that perfect freedom of action which we should all desire for ourselves and those around us, on the one hand, or his decline towards slavery, and its attendant barbarism, on the other? That, as it seems to me, you can scarcely do.

At no period in the history of the Union has competition for the *purchase* of labor, accompanied by growing tendency towards improvement in the condition of the laborer, been so universal or so great as in 1815, 1834, and 1847, the closing years of the several periods in which the policy of the country was directed towards the approximation of the producers and consumers of the country, by means of measures of protection. At none, has the competition for its *sale*, with corresponding decline in the laborer's condition, been so great as in the closing years of the free trade periods, to wit, from 1822 to 1824, and from 1840 to 1842.

Great as was the prosperity with which we closed the period which had commenced in this latter year, three short years of the tariff of 1846 sufficed for reproducing that competition for the *sale* of labor, relief from which had been the object of the men who made the tariff of 1842. From the decline with which we then were menaced, we were relieved by the discovery of the Californian mines, and by that alone. Since then, we have thence received more than five hundred millions of gold, and yet at no period has there existed a greater tendency to increase of competition for the *sale* of labor than at present — the two cities of New York and Philadelphia, alone, presenting to our view *hundreds of thousands of persons who are totally unable to exchange their services for the money with which to purchase food and clothing.* Is it not clear, from all these facts, that —

First, the nearer the place of consumption to the place of production, the smaller must be the power of transporters and other middlemen to tax consumers and producers, and the greater must be the power of the men who labor to profit by the things produced?

Second, that the more close the approximation of consumers and producers, the smaller must be the power of middlemen to create fictitious credits, to be used in furtherance of their speculations?

Third, that the greater the power of the men who labor, and the larger their reward, the greater must be the tendency towards that steadiness in the societary action, in the perfection of which you yourself would find the proof of "infallible wisdom in those who conduct its operations"?

Fourth, that all the experiences of continental Europe, and all our own, tend to prove that steadiness is most found in those countries, and at those periods, in which the policy pursued is that protective one advocated in France by the great Colbert, and among ourselves by Washington, Franklin, Hamilton, Adams, Jefferson, and their successors, down to Jackson; and least in all of those in which the policy pursued is that advocated by the British school, which sees in cheap labor and cheap raw materials the surest road to wealth and power for the British trader?

Renewing my proposition to cause your answers to these questions to be republished to the extent of not less than 300,000 copies, I remain, my dear sir, with great respect,

Your obedient servant,

HENRY C. CAREY.

W. C. BRYANT, ESQ.

PHILADELPHIA, *January* 3, 1860.

LETTER THIRD.

DEAR SIR.—In one of his *Mount Vernon Papers*, Mr. Everett informs his readers, that—

"The distress of the year 1857 was produced by an enemy more formidable than hostile armies; by a pestilence more deadly than fever or plague; by a visitation more destructive than the frosts of Spring or the blights of Summer. I believe that it was caused by a mountain load of DEBT. The whole country, individuals and communities, trading-houses, corporations, towns, cities, States, were laboring under a weight of debt, beneath which the ordinary business relations of the country were at length arrested, and the great instrument usually employed for carrying them on, CREDIT, broken down."

This is all very true—a crisis consisting in the existence of heavy debts requiring to be paid by individuals, banks, and governments, at a time when *all* desire to be paid, and *few or none* are able to make the payments. That admitted, however, we are not, so far as I can see, much nearer than we were before to such explanation of the *causes* of crises, as is required for enabling us to determine upon the mode of preventing the recurrence of evils so frightful as are those you have so well described. Why is it, that our people are so much more burthened with debt than are their competitors in Europe? Why is it, that it so frequently occurs among ourselves that all need to be paid, and so few are able to pay? Why is it, that crises *always* occur in free-trade times? Why is it, that they *never* occur in protective times? Why is it, that it so frequently occurs that those who are rich are enabled to demand from the poor settlers of the West, as much *per month*, in the form of interest, as is paid *per year*, by the farmers of England, France, and Germany? These are great questions, to which Mr. Everett has furnished no reply. Let us have them answered, and we shall have made at least one step toward the removal of the evils under which our people so greatly suffer.

Let us try, my dear sir, if you and I cannot do that which Mr. Everett has failed to do—ascertaining the cause of the existence of so much debt, the constant preliminary to that absence of confidence which impels all to seek payment, while depriving so nearly all of the power to pay.

The commodity that you and I, and all of us, have to sell, is labor—human effort, physical or mental. It is the only one that perishes at the moment of production, and that, if not then put to use, is lost forever. The man who *does* put it to use, need not go in debt for the food and clothing required by his family; but he who *does not*, must either contract debt, or his family must suffer from want of nourishment. Such being the case, the necessity for the creation of debt should diminish with every increase in that competition for the *purchase* of labor, which tends to produce an *instant* demand for the forces, physical or mental, of each and every man in the community—such competition resulting from the existence of a power on the part of each and every other man to offer something valuable in exchange for it. On the contrary, it

should increase with every increase in the competition for the *sale* of labor, resulting from the absence of demand for the human forces that are produced. In the one case, men are tending towards freedom, whereas, in the other, they are tending in the direction of slavery—the existence of almost universal debt being to be regarded as evidence of growing power, on the part of those who are already rich, to control the movements of those who need to live by the sale of labor.

Where, now, is debt most universal and most oppressive? For an answer to this question, let me beg that you will look to India, where, since the annihilation of her manufactures, the little proprietor has almost disappeared, to be replaced by the wretched tenant, who borrows at fifty, sixty, or a hundred per cent, *per annum*, the little seed he can afford to use, and finds himself at last driven to rebellion by the continued exactions of the money-lenders and the government. Turn, next, to those parts of Russia where there are no manufactures, and find in the free-trade book of M. Tegoborski his statement of the fact, that where there is no diversification of pursuits the condition of the slave is preferable to that of the free laborer. Pass thence to Turkey — finding there an universality of debt that is nowhere else exceeded. Look, next, to Mexico, and find the poor laborer, overwhelmed with debt, passing into servitude. Pass on to Ireland, and study the circumstances which preceded the expulsion, or starvation, in ten short years, of a million and a half of free white people—that expulsion having been followed by the passage of an Act of Parliament for expelling, in their turn, the owners of the land from which those laborers had gone. Look where you may, you will see that it is in those communities of the world which are most limited to the labors of the field, that debt is most universal, and that the condition of the people is most akin to slavery — and for the reason that there it is, that there is least competition for the *purchase* of labor. There, consequently, there is the greatest waste of the great commodity which all of us must sell, if we would have the means of purchase.

Turn, now, if you please, to Central and Northern Europe, and there you will find a wholly different picture — competition for the purchase of labor being there steadily on the increase, with constant augmentation of the rapidity of commerce — constant increase in the power to economize the great commodity of which I have spoken — and, as a necessary consequence, constant diminution in the necessity for the contraction of debt. Why should such remarkable differences exist? Because, in all of these latter countries, the whole policy of the country tends towards emancipation from the British free-trade system, whereas India, Ireland, Turkey, and Mexico, are becoming from day to day more subject to it.

Looking homeward, we may now, my dear sir, inquire when it has been, that the complaint of debt has been most severe. Has it not been in those awful years which followed the free-trade speculations of 1816–17? Has it not been in that terrific period which followed the free-trade speculations of '37 to '40 — that period in which a bankrupt law was forced from Congress, as the only means of enabling tens of thousands of industrious men to enter anew upon the business of life? Has it not been in the years of the present free-trade crisis, which present to view private failures of almost five hundred millions in amount?

When, on the other hand, has there been least complaint? Has it not been in those tranquil years which followed the passage of the protective tariffs of '28 and '42? That it has been so, is certain. Why should it so have been? Because in protective times every man has found a purchaser for his labor, and has been thereby relieved from all necessity for contracting debt; whereas, in free-trade times, a large portion of the labor power produced has remained unemployed, and its owners, *unable to sell their one commodity*, have been forced to choose between the contraction of debt on the one hand, or famine and death on the other.

Look next, my dear sir, to our public debt, and mark its extinction under the tariff of '28 — its revival under the compromise tariff — its reduction under that of '42 — and then study the present situation of a national treasury that, in time of perfect peace, is running in debt at the rate of little less than $20,000,000 a-year!

Turn then, if you please, to our debt to foreigners, which was *annihilated* under the tariff of '28—swelled to hundreds of millions under the tariff of '33 — and since so much enlarged, under the tariffs of '46 and '57, that the enormous sum of $30,000,000 is now required for the payment of its annual interest.

France, with a population little larger than our own, and one far less instructed, maintains an army of 600,000 men — carries on distant wars —builds magnificent roads—enlarges her marine and fortifies her ports — and does all these things with so much ease, that when the government has suddenly occasion for $100,000,000, the whole is supplied at home, and without an effort. Belgium and Germany follow in the same direction — not only making all their own roads, but contributing largely to the construction of those which are used for carrying out the rude products of our land, and bringing back the cloth, the paper, and the iron, that our own people, now unemployed, would gladly make at home. They are rapidly becoming the bankers of the world, for they live under systems even more protective than were those of our tariffs of '28 and '42. We, on the contrary, are rapidly becoming the great paupers of the world — creating seven, eight, and ten per cent bonds, and then selling them at enormous discounts, to pay for iron so poor in quality that our rails depreciate at the rate of five, six, and even ten per cent a-year.

Looking at all these facts, is it not clear, my dear sir —

That the necessity for the contraction of debt exists, throughout the world, in the ratio of the adoption of the free-trade system of which you are the earnest advocate?

That the greater the necessity for the contraction of debt, the greater is the liability to the recurrence of commercial crises such as you have so well described?

That the more frequent the crises, the greater is the tendency towards the subjection of the laborer to the will of his employer, and towards the creation of slavery even where it has at present no existence? And, therefore —

That it is the bounden duty of every real lover of freedom to labor for the re-establishment of the protective system among ourselves?

At foot* is given, as you see, your notice of refusal to enter upon the discussion to which you have been invited. For a reply thereto, permit me, my dear sir, to refer you to the following exposition of your own views in relation to free discussion, given by yourself, a few days since, in the *Evening Post:*

"THOSE POLITICAL LECTURES.—As our readers know, a project has been under consideration to give a course of political lectures in this city during the present winter, and in which our prominent politicians of all parties were to be invited to take a part. We now understand that the scheme has fallen through, mainly because no single Democrat could be found who was willing to ventilate his party opinions, and maintain them, in connection with a series of similar addresses by Republican, Radical, and American speakers. We are assured that of twenty Northern and Southern Democratic statesmen, who have been invited, not one has accepted the invitation. It is proper to say that the signatures to the letter inviting speakers represented a number of our very foremost citizens, of all shades of politics. If a letter, so respectably signed as to guarantee every courtesy to all who took part in the course, failed to secure at least *one* speaker to uphold Democratic principles, we may safely suggest that the old *soubriquet* of the "unterrified Democracy" is a misnomer. We regret the failure of the proposed course of lectures, but are glad to know that many Republicans were willing to participate. Why cannot we have a few Republican speakers in an independent course?"

Obviously, these Democrats fear discussion. For years, they have been advocating doctrines that will not bear examination before the people. What, however, shall we say to the free-trade advocates? Is there any one of *them* that would accept a proposition like to the one to which you have here referred? Would they even accept an offer that was so much better than this, that it would give them, of cool and reflecting readers, *five hundred times as many* as you could give to any Democrat, of mere auditors? Would Mr. Hallock, of the *Journal of Commerce*, accept the magnificent offer I have made to you, which, thus far, you have not accepted? Would it be accepted by Mr. Greene, of the Boston *Morning Post?* Will you accept it? If you will not, can you object to the course of the Democratic leaders to whom you have here referred? Scarcely so, as I think.

Hoping to hear that you have reconsidered the question, and have decided to accede to a proposition which will enable you to address to *a million and a half of readers*, all the arguments that can be adduced in support of free-trade doctrines, I remain, my dear sir,

Very truly and respectfully yours,

HENRY C. CAREY.

W. C. BRYANT, ESQ.

PHILADELPHIA, *January* 17, 1860.

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* "MR. CAREY'S CHALLENGE. — Mr. Henry C. Carey, of Philadelphia, known by various works on political economy, has challenged Mr. Bryant, one of the editors of this paper, to a discussion, in the newspapers, of the question of custom-house taxation. In behalf of Mr. Bryant, we would state that challenges of this kind he neither gives nor accepts. It would almost seem like affectation on his part to say that he has not read the letters — two in number, he is told — in which this defiance is given on the part of Mr. Carey, having, unfortunately, too little curiosity to see in what terms it is expressed; but as such is the fact, it is well perhaps to mention it. His duties as a journalist, and a commentator on the events of the day and the various interesting questions which they suggest, leave

him no time for a sparring-match with Mr. Carey, to which the public, after a little while, would pay no attention; and if he had ever so much time, and the public were ever so much interested in what he had to say, he has no ambition to distinguish himself as a public disputant. His business is to enforce what he considers important political truths, and refute what seem to him errors, just as the occasions arise, and to such extent as he imagines himself able to secure the attention of those who read this journal, and he will not turn aside from this course to tie himself down to a tedious dispute concerning the tariff question at any man's invitation.

"The question of the tariff is not the principal controversy of the day. It may seem so to Mr. Carey, who is suffering under a sort of monomania, but the public mind is occupied just now with matters of graver import. To them it is proper that a journalist should principally address himself, until they are disposed of. He may make occasional skirmishes in other fields of controversy, but here is the main battle. When the tariff question comes up again, it will be early enough to meet it; and even then, a journalist who understands his vocation would keep himself free to meet it in his own way.

"If Mr. Carey is anxious to call out some antagonist with whom to measure weapons in a formal combat, and can find nobody who has an equal desire with himself to shine in controversy, we can recommend to him a person with whom he can tilt to his heart's content. One Henry C. Carey, of Philadelphia, published, some twenty years since, a work in three volumes, entitled 'Principles of Political Economy,' in which he showed, from the experience of all the world, that the welfare of a country is dependent on its freedom of trade, and that, in proportion as its commerce is emancipated from the shackles of protection, and approaches absolute freedom, its people are active, thriving, and prosperous. We will put forward Henry C. Carey as the champion to do battle with Henry C. Carey. This gentleman, who is now so full of fight, will have ample work on his hands in demolishing the positions of his adversary, with which he has the great advantage of being already perfectly familiar. When that is done, which will take three or four years at the least, inasmuch as both the disputants are voluminous writers, we would suggest that he give immediate notice to his associates, the owners of the Pennsylvania iron-mills, who will doubtless lose no time in erecting a cast-iron statue in honor of the victor."

LETTER FOURTH.

DEAR SIR.—In the notice of your refusal to enter upon the discussion to which you have been invited, it is said that you "had not read the letters" that had been addressed to you. That such had been the case, is not at all improbable; but how far a great public teacher, as you undoubtedly are, can be held justified in closing his eyes when invited to a calm examination of the question whether his teachings tend in the direction of prosperity and freedom for the laborer, on the one hand, or toward pauperism and slavery on the other, seems to me to be far less certain. Placed myself in his situation, I should regard it as one of great responsibility — one in which erroneous action, resulting from failure to give to the subject the fullest and fairest examination, would be little short of the wilful and deliberate commission of crime. That you agree with me in this, I cannot, even for a moment, doubt.

That you had not read the notice served upon me, I regard as absolutely certain, and for the reason, that its tone and manner are entirely unworthy of you, and you would not, I am sure, permit anything to be said by others for you, that you would not say yourself. Further, you are there placed in the false position of doing what I know you would not do—shrinking from responsibility, by permitting yourself to be presented to the world as being only "one of the editors" of the *Post*, instead of *the* editor, as you are so well known to be. Mr. Greeley is *the* editor of his paper, and, as such, endorses the opinions, given editorially, of the many gentlemen by whom he is aided. So, too, is it with yourself; and the rule of looking to the endorser when the drawer cannot be found, applies in this case as fully as it can do in that of a promissory note. So far as I can recollect, the editor of the *Tribune* has never shrunk from any such responsibility — having repeatedly replied, over his own signature, to papers addressed to himself in reference to editorials that he had published. Quite sure I am, that were you now to cite him before the world, as I have cited you, demanding an examination of the principles upon which he had based his advocacy of protection, he would most gladly meet you — giving to all you had to say the benefit of his enormous circulation, and leaving his readers to decide for themselves, after calm perusal of your arguments. Like you, he might find it quite impossible to give to the question all the attention it might demand, but, in that case, he would, most assuredly, find some one to take his place—becoming responsible, as editor, as fully as if he alone had written. Like him, you are surrounded by persons who have treated this subject on hundreds, if not even thousands, of occasions—you making yourself responsible for all they have thus far said; and I am, therefore, at a loss to understand why you should now fail to profit by the admirable opportunity offered you, for establishing the truth of free-trade doctrines. Can it be, that their advocates *dare not* meet the question? If so, are they not now placing themselves in a situation precisely similar to that so recently described by you, in speaking of your Democratic opponents?

I am told, however, that this is not the principal question of the day. It may not be so with the people of your city, but you would greatly err, were you to suppose that such was the case with those of the States south and west of you, and north of Mason and Dixon's line. In this State and Jersey, it is *the one*, and almost *the only* question. In Ohio, a large majority of the Republican senators are stated to have announced their distinct intention to make it *the* question. In Illinois, the most influential of all the Republican journals of the State has entirely abandoned the free-trade doctrines—giving itself now to the advocacy of protection. Throughout the West, the question of the adoption of measures required for the creation of domestic markets, and for the emancipation of the country from the control of British manufacturers, is rapidly taking the place heretofore so exclusively occupied by the anti-slavery one. All of these people *may* be wrong, and, if so, they should be set right. That they may be so, I have offered you the use of the columns of protectionist journals, circulating, to the extent of hundreds of thousands of copies, among the very persons who are thus in error. That great offer it is that, thus far, you have not accepted.

The great question of the day, in your estimation, is that of slavery and freedom, and in this we are entirely agreed. How is it that men may be made more free? That *is* the question, and it must be answered before we can venture upon action, unless we are willing to incur the risk of promoting the growth of slavery, while really desiring to advance the cause of freedom. All experience shows, that men have become more free as they have been more and more enabled to work in combination with each other, and that the power of combination grows as employments become more diversified—slavery, on the other hand, growing in all those countries in which men are becoming more and more limited to the labors of the field. Such being the case, that policy which tends to produce diversification and combination should be the one which would lead to freedom. Which of the two is it, protection or free trade, which tends in that direction? For an answer to this question, we need but look to Northern and Central Europe — finding there the protective system in full vigor, and the people rapidly advancing in wealth, strength, freedom, and power. The opposite, or free-trade system, has been in active operation in India, Ireland, Turkey, and other countries, whose people are as rapidly declining towards poverty, slavery, and general demoralization.

How, my dear sir, has it been among ourselves? Turn to the years which followed the abandonment of the protective policy in 1816, and study the rapid growth of pauperism and wretchedness that was then observed. Pass on to those which followed the passage of the protective tariffs of 1824 and 1828, and remark the wonderful change towards wealth and freedom that was at once produced. Study next the growth of pauperism and destitution under the compromise tariff, closing with the almost entire paralysis of 1840–42. Pass onward, and examine the action of the tariff of 1842 — remarking the constant increase in the demand for labor—in the production and consumption of iron, and of cotton and woollen goods — and in the strength and power of a community which had so recently been obliged to apply, *and that in vain*, at all the banking houses of Europe, for the small amount of money that then was

needed for carrying on the government. Look, next, to the repeated crises we have had under the tariffs of 1846 and 1857—each and all of them tending toward strengthening the rich, while weakening the poor, and promoting a growth of pauperism such as has never, I believe, been known, in any country of the civilized world, to be accomplished in so brief a period. Such having been the result, the questions now arise, —Whither are we tending? Is it not toward slavery for the white laborer? Those are the questions I have desired to have discussed, and whatever you, my dear sir, may think of it, they must be always in order.

These, however, as may be said, are mere facts — a sort of *political arithmetic*. Trade should be free, and any facts that may be produced in opposition to that theory, must be such as cannot be relied on.—That we should be always going in the direction of freedom of commerce, and freedom of man, I fully and freely admit; but what is the road which leads in that direction? Certainly, not the one on which we recently have travelled — all our present tendencies being toward pauperism and slavery, for the white man and the black. As certainly, it is the one on which we travelled in the years of the period of the tariffs of 1828 and 1842; and if you desire any evidence of this, you have but to look to the most distinguished free-trade writers of the present century — their teachings and mine being in full accordance with each other.

Seeking proof of this assertion, allow me, my dear sir, to request that you will turn to *Mr. J. B. Say*, and study the cases described by him as being those in which "protection, granted with a view to promote the profitable application of labor and capital, may become productive of universal benefit." Look next, if you please, to *Mons. Blanqui*, his successor, and find him assuring his readers that "experience had already taught, that a people ought never to deliver over to the chances of a foreign trade, the fate of its manufactures." Pass on to *Mons. Rossi*, and read his entire disclaimer of the idea of non-intervention by the government—holding, as he does, that "a prudent and enlightened administration requires the making, in view of probable future benefit, of advances that may not, possibly, be repaid in full." Turn thence to *Mr. J. S. Mill*, who tells his readers, that "the superiority of one country over another, in any branch of production, often arises only from having begun it sooner, and that a country which has skill and experience yet to acquire, may, in other respects, be better adapted to the production than others that were earlier in the field;" but, that "it cannot be expected that individuals should, at their own risk, or, rather, at their certain loss, introduce a new manufacture, and bear the burthen of carrying it on, until the producers have been educated up to the level of those with whom the processes have become traditional." Look next to *Mons. Chevalier*, and learn that not only "it is not an abuse of power on the part of the government," but that "it is only the accomplishment of a positive duty, so to act at each epoch in the progress of a nation, as to favor the taking possession of all the branches of industry whose acquisition is authorized by the nature of things." The government which fails to do this, "makes," as he thinks, "a great mistake."

You have here, my dear sir, the views of five of the most eminent European economists of the present century—all of them high authorities in the free-trade school, and yet all concurring in the views I have

expressed to you. Facts and theories being thus in opposition to your doctrines, is it not time that you should undertake anew the examination of the question, with a view to satisfy yourself whether the teachings of the *Post* are really those of slavery or of freedom?

I am told that I was once a free-trader, and nothing can be more true. Careful study of the phenomena of the free-trade convulsion of 1840–42, and of the protectionist revival of 1842–47, having, however, satisfied me that that the facts and the theory could not agree, I was led to study anew the latter, and find the cause of error. That found, I felt no more difficulty in admitting that I had been wrong, than would be felt by yourself, after you should have tried, and vainly tried, to establish the fact, that the cause of freedom was to be promoted by a policy that separated the producer from the consumer — placing the spindle and the loom on one continent, and leaving the plough and the harrow on the other.

At the moment of inviting you to join with me in an inquiry as to the real road towards wealth and freedom for our people, harmony for our Union, and prosperity and power for our great Confederacy — that inquiry to be conducted in the spirit of men who sought for truth, and not for victory — I had still some lingering doubts of your acceptance; and yet, it appeared to me that you yourself should be quite as anxious for it as I, by any possibility, could be.—Desirous to remove all difficulty, the space to be given was left to your decision — the greatness of the subject seeming to me to give assurance that the inquiry would be allowed to assume proportions somewhat in accordance with those of the interests to be discussed. Pledged, as we should be, to the cause of truth, and to that alone, any previous involvements, on either side, would shrink into utter insignificance. Neither of us, as it seemed to me, need be so anxious to shine in the dispute as to hesitate at any risk that we, as individuals, might run—pledged as we were, by all our past history, to give to this one great question, the most frank and candid examination.

Regretting that you have not, thus far, been able to agree with me in the view that has been here presented, but hoping that you may yet do so, I remain, with great respect,

Yours, very truly,

HENRY C. CAREY.

W. C. BRYANT, ESQ.

PHILADELPHIA, *January* 24, 1859.

LETTER FIFTH.

DEAR SIR. — A fortnight since, you stated, on the authority of Dr. Wynne, that pauperism in the State of New York had assumed proportions relatively greater than those of England or of Scotland, and "largely in advance" of even the downtrodden and unhappy Ireland—your percentage being as high as 7.40, or more than double that of all the British Islands. When these facts were first presented to your sanitary society, they appeared to the managers "so startling as to lead them to doubt their accuracy, but," as you now have told your readers, "after the most careful scrutiny, they have not only adopted them, but given them currency as authority in their report." This "condition of facts" is one that, as you think, "calls for investigation by the proper authorities" — the alarming facts being presented for their consideration, that no less than forty-one per cent of the paupers are native born, and that the terrible disease of pauperism appears, "like the Canadian thistle, to have settled on our soil, and to have germinated with such vigor as," in your opinion, "to defy all half measures to eradicate it."

The pauper is necessarily a slave to those who feed and clothe him, and a slave, too, more abject, as a general rule, than are even the negroes of the South. White slavery thus grows steadily — furnishing good reason for the fears that you have here expressed. Equal cause for such alarm may be found, however, in the fact that the growth in the number and power of your millionaires keeps even pace therewith—growing inequality of condition here furnishing conclusive proof of decline in civilization and in freedom. How is it that such effects are being produced? Here is a great question, the solution of which may, as I think you will agree with me, be found in the following frightful facts, which have just now been given to the world, and which reveal a state of things well calculated to carry the alarm of which you speak, into the breast of every man who takes an interest in our future.

In your city there are 560 tenement houses, containing, by actual enumeration, 10,933 families, or about 65 persons each; 193 with 111 each; 71 others, with 140 each; and, finally, 29, that, as we are told, are the most profitable, and that have a total population of no less than 5449 souls, or 187 to each. What are the accommodations therein provided for the wretched occupants, is shown in the following picture:

"One of the largest and most recently built of the New York 'barracks' has apartments for 126 families. It was built especially for this use. It stands on a lot 50 by 250 feet, is entered at the sides from alleys eight feet wide, and, by reason of the vicinity of another barrack of equal height, the rooms are so darkened that on a cloudy day it is impossible to read or sew in them without artificial light. It has not one room which can in any way be thoroughly ventilated. The vaults and sewers which are to carry off the filth of the 126 families have grated openings in the alleys, and doorways in the cellars, through which the noisome and deadly miasmata penetrate and poison the dank air of the house and the courts. The water-closets for the whole vast establishment are a range of stalls

without doors, and accessible not only from the building, but even from the street. Comfort is here out of the question: common decency has been rendered impossible; and the horrible brutalities of the passenger-ship are day after day repeated, —but on a larger scale. And yet, this is a fair specimen. And for such hideous and necessarily demoralizing habitations,—for two rooms, stench, indecency, and gloom, the poor family pays—and the rich builder receives—'*thirty-five per cent annually on the cost of the apartments!*"

We have here the type of the system that is now more and more obtaining throughout the country. One financial convulsion follows another, each in its turn closing mills, mines, and furnaces, and thus destroying internal commerce. With every step in that direction, our people are more compelled to seek the cities, and thereby augmenting the power of the rich to demand enormous rents, usurious interest, and enormous prices for lots—their fortunes growing rapidly, while reducing thousands, and tens of thousands, to a state of pauperism and destitution.

Is it, however, among the occupants of tenement houses, alone, that we are to find the facts which indicate the decline to which I have referred — a decline which *must* be arrested, if we desire not to find the end of our great republic is anarchy and despotism? Look around you, and you will see that while our population is growing at the rate of a million a-year, there is a daily diminution in the demand for skilled labor to be applied to the conversion of raw materials into finished commodities — a daily diminution of that confidence in the future which is required for producing applications of capital to the development of our great natural resources — a daily increase in the necessity for looking to trade as the only means of obtaining a support — and a consequent increase in the *proportions* borne by mere middlemen to producers, causing increased demand for shops, and stores, and offices, in great cities, and enabling landlords to demand the enormous rents which now are paid. The poor tenant slaves and starves, and finds himself at length driven to bankruptcy because his profits, after his rent is paid, are not enough to enable him to feed and clothe his wife and children —he and they being then driven to seek refuge in a "tenement house," there to pay a rent that enables its rich owner to double his capital in almost every other year. The rich are thus made richer, while pauperism and crime advance with the gigantic strides you have described.

Is it, however, in your city alone that facts like these present themselves to view? That such is not the case, is shown in the following accurate sketch of the Philadelphia movement in the same direction, given, a few days since, by your neighbors of the *Tribune:*

"Poverty has reached higher places in society than the habitually destitute. Want of employment with many, and reduced wages with others, all growing out of the warfare of the government on the industry of the country, have made the present season one of peculiar hardship and suffering. Honest labor goes without its loaf, because no one can afford to employ it. Persons formerly able to support themselves decently, are now crowding for relief to our benevolent institutions. The visitors of the latter say there is more suffering now than ever before known. Clothing, food, and fuel are daily given in large amounts, and yet the cry of distress continues. The soup-houses have been compelled to reopen, and the charitable are taxed to the utmost. These suffering thousands are the victims of the scandalous misgovernment which has palsied the energies of so many branches of industry. They would gladly earn their bread, if permitted to do so."

All this is strictly true, and it would, as I think, be equally so if said of any other city of the Union — the whole presenting a picture of enforced idleness such as is not, at this moment, to be paralleled in any country claiming to rank as civilized. Pass next, if you please, outward from our cities, and look to the towns and villages of your own and other States — marking the fact, that the power of local combination is steadily diminishing, and that a majority of them have either become stationary, or have retrograded. Go almost where you may, you will find that the internal commerce of the country is gradually declining — that the services of mechanics are meeting less and less demand — that the dependence on great cities is increasing in the same proportion that those cities are themselves becoming more dependent upon Liverpool and Manchester—and that, as a necessary consequence, pauperism and crime are everywhere assuming proportions so gigantic as well to warrant you in the assertion that their growth is now so vigorous as to bid defiance to "all half measures of eradication."

How may they be eradicated? This is a great question; but to find the answer to it, we must first inquire to what it is that such a growth is due. Doing this, we find that the facts of the present day are in strict accordance with those observed in the years which followed the terrible free-trade crises of 1818–20 and 1837–40, as well as with those observed in Ireland, India, and all other countries subject to the British free-trade system. Looking next to the periods which followed the passage of the protective acts of 1828 and 1842, we find directly the reverse of this — pauperism then steadily declining, and the morals of the community improving as the societary movement became more regular. Turning thence toward Northern and Central Europe — toward that portion of the Eastern world which steadily resists the exhaustive British system — we find phenomena corresponding precisely with those observed in our own protective periods—the demand for human service becoming more and more regular in France and Germany, and the reward of labor growing with a steadiness that has rarely, if ever, been exceeded.—Such being the facts, is it not clear, my dear sir, that it is to the readoption of the protective policy we must look for effectual "measures of eradication." Believe me, nothing short of this will do.

The readers of the *Journal of Commerce* have lately been assured "that our institutions nurture the evils in question." Were that really the case, the evil would be so radical in character, that nothing short of revolution could produce the change desired. That, happily, it is not so, you will, I think, be well assured, when you shall have reflected that all our institutions find their foundation in local development, tending to the creation of thriving towns and villages in the neighborhood of our vast deposits of coal and lead, copper, zinc, and iron—there making a market for the products of agriculture, and giving occasion to the improvement of our great water powers, to be used in the conversion of food and wool into cloth, and food, coal, and ore, into knives and axes, steam-engines and railroad bars. — What now is the object for whose attainment our people seek protection? Is it not this very localization in which alone our institutions find their base? That such is the case is beyond all question, and therefore is it, that confidence in those

institutions grows in every period of protection — pauperism and crime then declining in their proportions with each successive hour.

What, on the contrary, are the tendencies of the British free-trade system? Do not, under it, towns and villages decline, while great cities grow in size? Under it, does not internal commerce die away? Do not crises become more frequent and more severe? Does not paralysis take the place of that healthy action which is indicative of strong and vigorous life? Do not pauperism and immorality grow with the growth you have so well described? Does not confidence in the utility and permanence of our institutions diminish with each successive year? To all these questions, the answers must be in the affirmative—such phenomena having presented themselves at the close of every free-trade period, and the only difference between the present and the past being, that the current one has been so much longer, and that the disease has, therefore, become by far more virulent.

Looking at all these facts, is it not clear, my dear sir —

That the cause of disease is *not* to be found in the character of our institutions?

That, on the contrary, it *is* to be found in the pursuit of a policy that is at war with those institutions, and threatens their destruction?

That the remedy of which you are in search, is to be found in the readoption of the policy of protection, under which the country so much prospered in the periods closing with 1834 and 1847?

That in default of the adoption of this remedy, our institutions must decay and disappear?

That every real friend of freedom should aid in the effort to rescue his countrymen from the grasp of foreign traders in which they are now held?

That every movement in that direction must tend toward diminution in the quantity of wretchedness and crime? And, therefore,

That all who oppose such action — teaching British free-trade doctrines — are thereby making themselves responsible, before God and man, for the demoralization above described?

Repeating, once again, my offer to place your replies to these questions within the reach of a million and a half of protectionist readers, I remain, my dear sir,

Very respectfully, your obedient servant,

HENRY C. CAREY.

W. C. BRYANT, ESQ.

PHILADELPHIA, *January* 31, 1860.

LETTER SIXTH.

DEAR SIR. — Pauperism, slavery, and crime, as you have seen, follow everywhere in the train of the British free-trade system, of which you have been so long the earnest advocate. On the contrary, they diminish everywhere, and at all periods, when, in accordance with the advice of the most eminent European economists, that system is effectually resisted. We, ourselves, are now in the fourteenth year of a free-trade period — the result exhibiting itself, as you yourself so recently have shown, in a growth of all that has at length most seriously alarmed the very men to whose unceasing efforts that growth is due. That they should be so is not extraordinary, but their alarm would be much increased were they now to study carefully the condition of affairs at the end of the peaceful and quiet period of protection which closed with 1847, and then contrast with it the state at which we have arrived — following up the examination by asking themselves the question — Whither are we tending? — and seeking to find an answer to it. The picture that would then present itself to view, would so much shock them, that they would shrink back horrified at the idea of the fearful amount of responsibility they, thus far, had incurred.

That the facts are such as you have described them, cannot be denied. Do they, however, flow necessarily from submission to the British system, miscalled by its advocates the free-trade one—that one which seeks to limit all the nations of the world, outside of England, to the use of the plough and the harrow, and to a single market, that of England, for an outlet for their products? That they do so, you will, I am sure, be ready to admit, after having reflected that men become rich, free, strong, and moral, in the ratio of their power to associate and combine together, and that the object of the British system, for more than a century past, has been that of preventing combination, by frustrating every attempt at the production of that diversification of pursuits, without which the power of association can have little or no existence.

What was the system before the Revolution, and what were the measures recommended as being those most likely to promote the retention of the colonists in their then existing state of dependence, are fully shown in an English work on the then American Colonies, of much ability, published in London at the time when Franklin was urging upon his countrymen the diversification of their pursuits, as the only road towards real independence, and from which the following is an extract:

"The population, from being spread round a great extent of frontier, would increase without giving the least cause of jealousy to Britain; land would not only be plentiful, but plentiful where our people wanted it, whereas, at present, the population of our colonies, especially the central ones, is confined; they have spread over all the space between the sea and the mountains, the consequence of which is, that land is becoming scarce, that which is good having all been planted. The people, therefore, find themselves too numerous for the agriculture, which is the first step to becoming manufacturers, that step which Britain has so much reason to dread"

Why, my dear sir, should Britain have so much dreaded combination among her colonial subjects? Why should she so sedulously have sought to disperse them over the extensive tracts of land beyond the mountains? Because, the more they scattered the more dependent they could be kept, and the more readily they could be compelled to carry all their rude products to a distant market, there to sell them so cheaply, as we are told by another distinguished British writer, "that not one-fourth of the product redounded to their own profit," as a consequence of which plantation mortgages were most abundant, and the rate of interest charged upon them so very high, as generally to eat the mortgagor out of house and home. In a word, the system of that day, as described by those writers, was almost precisely that of the present hour. For its maintenance, dispersion of the population was regarded as indispensable, and that it might be attained, the course of action here described was recommended:

"Nothing can therefore be more politic than to provide a superabundance of colonies to take off all those people that find a want of land in our old settlements; and it may not be one or two tracts of country that will answer this purpose: provision should be made for the convenience of some, the inclination of others, and every measure taken to inform the people of the colonies that were growing too populous, that land was plentiful in other places, and granted on the easiest terms; and if such inducements were not found sufficient for thinning the country considerably, government should by all means be at the expense of transporting them. Notice should be given that sloops would be always ready at Fort Pitt, or as much higher on the Ohio as is navigable, for carrying all furniture without expense, to whatever settlement they chose, on the Ohio or Mississippi. Such measures, or similar ones, would carry off the surplus of population in the central and southern colonies, which have been and will every day be more and more the foundation of manufactures."

Having studied these recommendations in regard to the maintenance of colonial dependence, I will ask you next to look with me into the working of the British free-trade system, and satisfy yourself that its advocates have been mere instruments of our foreign masters — closing our mills, furnaces, and factories, retarding the development of our great mineral treasures, preventing the utilization of our vast water powers, and in this manner driving our people to the West, in strict accordance with the orders of those British traders against whom our predecessors made the Revolution.

In 1815, the receipts from sales of public lands amounted to $1,287,000 This gives a measure of the then existing tendency toward dispersion. Five years later, when the free-trade system had paralyzed the industry of the country, they had risen to $3,274,000 — the customs revenue of the same year yielding more than $20,000,000. The government had seemed to be rich, and for the reason that it was "burning the candle at both ends" — paralyzing domestic commerce, and driving into the wilderness the people to whose efforts it had been used to look for its support. Free-trade excitement having been followed by paralysis, we find the customs revenue to have fallen, in 1821, to $13,000,000 — the land revenue at the same time gradually declining until, in 1823, it stood at less than a single million. As a consequence, we see the treasury to have been so much embarrassed as to be under the necessity of contracting loans, in the period from 1819 to 1824, to the extent of no

less than $16,000,000. As usual, here and everywhere, poverty, distress, and debt, to both the people and the government, had followed in the train of the teachings of the men who had desired a readoption of that dispersive policy recommended by British writers, as a means of prolonging colonial dependence.

Turn now, if you please, my dear sir, to the picture presented by the protective tariff of 1828, and mark the steadiness of customs receipts, and the gentle and quiet growth of the receipts from lands, as follows:

	Customs.	Land Sales.	Total.
1829	$22,681,000	$1,517,000	$24,198,000
1830	21,920,000	2,329,000	24,249,000
1831	24,204,000	3,210,000	27,414,000
1832	28,465,000	2,623,000	31,068,000
1833	29,032,000	3,967,000	32,999,000

In this period, every man could sell his labor, and could therefore purchase the products yielded to the labor of others. Every one being thus enabled to contribute his share to the support of the government, the revenue had become so large and steady that the national debt was then extinguished.

Pass on now, if you please, to the time when the approaching annihilation of protection had stopped the building of mills and the opening of mines, and had recommenced to compel our people to scatter themselves over the great West, and find the following figures:

	Customs.	Land.	Total.
1835	$19,391,000	$14,757,000	$34,148,000
1836	23,409,000	24,877,000	49,286,000

Once again, the government was "burning the candle at both ends" —annihilating the power of combination, and thus diminishing the productive forces of the country. As before, it fancied itself rich, and acted accordingly—the expenditure of this period almost trebling that of Mr. Adams's administration, then but a few years past. As a consequence, bankruptcy of the people and of the banks was followed by disappearance of the power to contribute to the support of government, the customs duties of 1841 having but little exceeded $14,000,000, and the land sales having fallen to $1,300,000 — giving a total of less than $16,000,000, not even one-third of that of 1836. Such having been the case, need we wonder that the poverty of the government should have exhibited itself in the form of irredeemable notes, and in vain efforts to effect a loan in any part of Europe. Having destroyed our domestic commerce, and thus greatly diminished the productive power of the country, our foreign free-trade friends now turned their backs upon us — denouncing our whole people as rogues and swindlers.

Once again, in 1842, we find the readoption of the policy of resistance to British domination, and once again we meet the tranquillity and peace of the period which found its close in 1834, as is shown in the following figures:

	Customs.	Land.	Total.
1843-4	$26,183,000	$2,059,000	$28,242,000
1844-5	27,508,000	2,077,000	29,585,000
1845-6	26,712,000	2,694,000	29,406,000
1846-7	23,747,000	2,498,000	26,245,000

Again, as always under protection, there was economy in the administration of the government. Again, the necessity for contracting loans had passed away. Again, too, the foreign debt of the free-trade period was being diminished; and why? Because, once again, that colonial policy which looked to the dispersion of our people had been rejected.

Not content with the lesson that had thus been taught, the protective policy was again abandoned, and once again we find the colonial system re-established, the results exhibiting themselves in the following remarkable figures, indicating the extent to which the government has recently been repeating the experiment of "burning the candle at both ends":

	Customs.	Land Sales.	Total.
1853–4	$64,224,000	$8,470,000	$72,694,000
1854–5	53,025,000	11.497,000	64,522,000
1855–6	64,022,000	8,917,009	72,939,000

As before, in every free-trade period, the government was becoming daily richer, while the productive power was declining from day to day. Expenditures, of course, increased — having reached, for those three years, exclusive of interest upon a large public debt, an average of $56,000,000, or nearly five times more than they had been thirty years before.

Having thus laid the foundation for a crisis, need we wonder that that crisis came, leaving the government, but recently so rich, in a state of actual bankruptcy, and wholly unable to meet the demands upon it? Certainly not. It was precisely what has happened in every British free-trade country of the world, and in every free-trade period of our own. In each and every one, our people had been driven out from the older States, and the government had been enabled to take from them, in payment for public lands, the mass of their little capitals, leaving them to borrow at three, four, or five per cent, *per month*, of the wealthy capitalist, all that had been required to pay for their improvements — and finally leaving them in the hands of the sheriff, under whose hammer their property had sold so cheaply as almost to forbid the purchase of lands that were as yet public and unimproved. The receipts from that source are now estimated at $2,000,000, and thus have we returned to a point that is really lower—our numbers being considered—than that at which we arrived at the close of the British free-trade speculations of 1817–18 and 1836–39.

Looking at all these facts, my dear sir, is it not clear —

That the system which you advocate, and which has usurped the free-trade name, is but a return to that colonial one described in the passages above submitted for your perusal?

That it has for its object the destruction of the power of combination, and consequent diminution of the ability to produce commodities in which to trade?

That, as a necessary consequence, it tends to produce a growing dependence of both the people and the State upon foreign traders and foreign bankers?

That to its present long continuance is due the fact, that British journalists now speculate upon "the recovery of that influence which eighty years ago England was supposed to have lost"?

That the tendency toward recolonization is growing with every hour, and that with each successive one, we are more and more becoming mere tools in the hands of British traders?

That, therefore, it is the duty of every friend of freedom and independence to lend his aid to the re-establishment of that protective system under which the country so much advanced in prosperity and power, in the periods which closed in 1816, 1834, and 1847?

Repeating the proposition, already so often made, to have your answers to these questions placed before a million and a half of protectionist readers, I remain, my dear sir, with great respect,

Your obedient servant,

HENRY C. CAREY.

W. C. BRYANT, ESQ.

PHILADELPHIA, *February* 7, 1860.

LETTER SEVENTH.

DEAR SIR.—The essential object of the British system, as you have already seen, is the suppression, in every country of the world, outside of Britain, of that diversity of human employments, without which there can be made no single step toward freedom. The more that object can be achieved, the more must other nations be compelled to export their products, and in their rudest shape, to Britain — doing so in direct opposition to the advice of Adam Smith.—This is what is called British free trade, the base of which is found in that annihilation of domestic commerce, whose effects exhibit themselves in the poverty, wretchedness, and crime of India, Ireland, Turkey, and other countries subjected to the system, all of which are so well reproduced among ourselves in every British free trade period. Real freedom of commerce consists in going where you will — exporting finished commodities to every portion of the world. Seeking that freedom, the most eminent French economists, as you have already seen, have held that it was "only the accomplishment of a positive duty" for governments "so to act as to favor the taking possession of all the branches of industry whose acquisition is favored by the nature of things," and that when they failed to do so, they made "a great mistake."

In full accordance with the idea thus expressed, the French Government has adhered to the policy of protection with a steadiness without example—the great result exhibiting itself in an export of the products of agriculture, in a finished form, such as can nowhere else be found. Thus protecting domestic commerce, the government finds itself repaid in the power to obtain revenue from a foreign commerce that has quadrupled in the short space of thirty years — the $100,000,000 of 1830 having been replaced by the almost $400,000,000 of each of the last three years — the population meantime having remained almost stationary. As a consequence of this the reward of labor has much increased, the people have become more free, and the State has grown in influence with a rapidity unknown elsewhere.

That it is to industrial development we are to look for the creation of a real agriculture, can now be no longer doubted—the Emperor having, in his recent letter, told his finance minister, that "without a prosperous industry agriculture itself remains in its infancy;" that "it is necessary to liberate industry from all internal impediments," and thereby "improve our agriculture;" and that in so doing the government will be "creating a national wealth" and diffusing "comforts among the working-classes."

Nothing more accurate than this could have been said by the great Colbert himself—the man to whose labors France was first indebted for the relief of her domestic commerce from the pressure of internal restrictions and external warfare. Compare it, however, I pray you, with our policy, erroneously styled the free trade one, every portion of which

seems to have had for its object the creation of impediments to domestic commerce, and the subjugation of our farmers to the tyranny of foreign traders. Look, if you please, to the almost endless series of laws having for their object the compulsory use of gold and silver, in a country which exports the precious metals to such extent as to have driven our people, throughout a large extent of country, to the payment of three, four, and five per cent per month, for the use of the small amount of money which, even at such rates, can be obtained. Turn next to the postage law proposed by your Southern free trade friends, at the last session, by means of which the charge for the transmission of letters was to be almost doubled. Study then the constant succession of free trade crises, by means of which our domestic commerce has been so often paralyzed. Pass on, and find the closing of furnaces and mills, followed by constant increase of difficulty in the sale of labor — constantly growing pauperism and crime — and as constant increase of that dependence upon foreign markets which has, in every other country, been attended by growth of slavery among men, whether black, brown, or white. Look where you may, you will find the system of which you have been the steady advocate, leading to the adoption of measures directly opposed to the teachings of Adam Smith and those of his most distinguished successors, here endorsed by Louis Napoleon.

Turn next to another passage of the imperial letter, and find in it that agriculture must have "its share in the benefits of the institutions of credit," and that the government must "devote annually a considerable sum to works of drainage, irrigation, and clearage." Having read this, study, if you please, the proceedings of your free trade friends, constantly engaged as they have been, in the effort to destroy the credit of banks, and to prevent the substitution of paper for gold — and thus so far destroying confidence, that tens of millions of specie are now hoarded in private vaults by men who dare not spend it, and fear to lend it at any interest whatsoever.—Turn, thence, to the condition of our treasury, and contrast it with that of France — the latter proposing to lend money to the people at low interest, while the former is constantly in the market as a borrower, and at higher rates of interest than are paid by any government that claims to rank as civilized.

Pass next to manufactures, and find the Emperor telling his minister that, "to encourage industrial production, he must liberate from every tax all raw material indispensable to industry," and that he must "allow it, exceptionally, and at a moderate rate, as has already been done for agriculture, the funds necessary to perfect its raw material"— meaning thereby, as I understand it, further grants of aid similar to those which have resulted in improving the breed of sheep, and in giving to French agriculture many products not native to the soil, and yet essential to the perfection of manufactures.—Having studied this, allow me next to request that you will examine the teachings of the author of the tariff of 1846—the tariff you have so steadily admired—and find him protesting against the imposition of "higher duties upon the manufactured fabric than upon the agricultural product out of which it is made." Examine, then, his tariff, and find in it a systematic effort at the discouragement of industrial production by the imposition of heavy duties on the raw material of manufactures — sometimes so great, even, as to

exceed those paid by the finished commodities for the production of which they were needed to be used. That done, look next at the repeated efforts of private individuals to improve our breed of sheep, and at the ruin that has been the consequence — that ruin having resulted necessarily from changes of policy that have closed our factories and sent merinos to the slaughter-house. Look in what direction you may, you will find that, with the exception of the brief and brilliant period of the tariff of 1842, the men engaged in the development of our great mineral treasures, and those engaged in introducing, extending, and perfecting works of conversion, and thereby giving the farmer a market for his products, have been regarded as enemies, deserving only of the hatred of the government; as men for the accomplishment of whose ruin fraud and falsehood might justly be resorted to — the holiness of the end sanctifying the employment of any means that might be used.

Adopting these ideas, the Emperor assures his minister that he will find in them the road toward real freedom of trade — the great extension of commerce producing a necessity for "successive reductions of the duty on articles of great consumption, as also the substitution of protecting duties for the prohibitive system which limits our commercial relations."— Having read this, do me the favor to turn to the period of the protective tariff of 1828, and find there precisely the state of things here described — the great increase of revenue having then produced a necessity for abolishing the duties that had always thus far been paid by tea and coffee. Look, next, to the working of that dispersive system, which scatters our population over the continent, and destroys the power of combination — at one moment filling the treasury to repletion by means of custom-house receipts and sales of public lands, and then leaving it bankrupt, to seek, as was done in 1842, and is now being done, for loans abroad, to keep the wheels of government in motion until the tariff can be raised.

The policy of the French Government was accurately defined, some three or four years since, by the President of the Council, and there is nothing in the Emperor's letter that is not in strict accordance with the determination then expressed, as follows:

"The Government formally rejects the principle of free trade, as incompatible with the independence and security of a great nation, and as destructive of her noblest manufactures. No doubt, our customs-tariffs contain useless and antiquated prohibitions, and we think they must be removed. Protection, however, is necessary to our manufactures. This protection must not be blind, unchangeable, or excessive; but the principle of it must be firmly maintained."

We are told, however, that a treaty has been signed, in which there are great advances toward freedom of trade. If so, it does but prove the perfect accuracy of M. Chevalier, who is said to have been the French negociator, in regarding protection of the domestic commerce as the real and certain mode of reaching freedom of intercourse with foreign nations. "In every country," as he has told his readers, "there arises a necessity for acclimating among its people the principal branches of industry"—agriculture alone becoming insufficient. "Every community, considerable in numbers, and occupying an extensive territory," is therefore, as he thinks, "well inspired, when seeing to the establish-

ment, among its members, of diversity in the modes of employment. From the moment that it approaches maturity, it should seek to prepare itself therefor, and when it fails to do so, it makes a great mistake." This "combination of varied effort," as he continues, "is not only promotive of general prosperity, but it is the condition of national progress." Elsewhere, he says, that "governments are, in effect, the personification of nations, and it is required that they should exercise their influence in the direction indicated by the general interest, properly studied and carefully appreciated." Therefore does he "regard as excellent, the desire of some of the most eminent men of the principal nations of Europe to establish around them the various branches of manufactures."

Such being the latest views of the present leading free-trade writer of France, we may, I think, feel quite assured that what he may now have done, is only what he has regarded as warranted by the advanced position occupied by French manufactures — that position having been attained by means of a steady pursuit of the protective policy. It is the point at which we have ourselves arrived in reference to every branch of manufacture that has found itself efficiently protected in the domestic market, whether by the particular circumstances of the case, or by aid of revenue laws. More steadily than to any other, was protection given to the production of coarse cottons, and hence it is, that we now export them. The newspaper is protected by locality, and that protection is absolute and complete; and hence it is, that we have now the cheapest journals in the world. The piano manufacture is protected by climate; and therefore it is, that it has attained a development exceeding that of any other country. Had iron been as well protected, our annual product would count by millions of tons, and we should be now exporting, in the forms of iron, and manufactures of iron, a quantity of food twice greater than that we send to Europe. All our experience shows, that the more perfect the security of the manufacturer in the domestic market, the greater is the tendency to that increase of competition needed for enabling us soon to commence the work of supplying the exterior world.

In your notice of the changes now proposed in the French commercial system, you speak in terms of high approval of Mons. Chevalier, as a "zealous adversary of commercial restrictions," but have you ever, my dear sir, taught the doctrines of the teacher of whom you now so much approve? Have you ever told your readers,—

That "every community is well-inspired when seeing to the establishment among its members, of diversity in the modes of employment"?

That "combination of varied effort is the condition of national progress"?

That "every nation, therefore, owes it to itself to seek the establishment of diversification in the pursuits of its people, as Germany and England have already done in regard to cottons and woollens, and as France has done in reference to so many, and so widely-different kinds of manufacturing industry"?

That "governments are in effect the personification of nations, and should exercise their influence in the direction of the general interest, properly studied and fully appreciated"? And, therefore

That "it is only the accomplishment of a positive duty so to act, at

each epoch in the progress of a nation, as to favor the taking possession of all the branches of industry whose acquisition is authorized by the nature of things"?

Unhappily, such have not been the teachings of the *Post*. Had they been such — had your journal sustained the policy advocated by Mons. Chevalier, as here established at the date of the fearful financial crisis of 1842, should we not, even at this time, have been far advanced toward that position in which we could feel that protection would cease to be required? Unfortunately, it has taught the reverse of this — the results exhibiting themselves in a constant succession of financial crises, and paralyses of the most fearful kind — in repeated bankruptcies of the treasury, of banks, railroad companies, and merchants — in an almost entire destruction of confidence — in the subjugation of the poor borrower to the rich money-lender, to an extent unparalleled in any civilized country of the world — and in a growth of pauperism, slavery, and crime, that must be arrested if we would not see a perfection of anarchy established as being the condition of our national existence.

Had you and others taught the doctrines of M. Chevalier, would such be now the state of things in a country so richly endowed by nature as our own?

Not having taught them, and such having been the results of your past teachings, is it not now your duty, as a man, as a lover of liberty, and as a Christian, to study anew the doctrines of the economist you have so much commended, and satisfy yourself that you have been steadily advocating the extension of slavery while desiring to be the advocate of freedom?

Hoping that you may conclude to furnish answers to these questions, and reiterating the assurance that they shall have the largest circulation among the advocates of protection, I remain, my dear sir,

Yours, very truly,

HENRY C. CAREY.

W. C. BRYANT, ESQ.

PHILADELPHIA, *February* 14, 1860.

LETTER EIGHTH.

DEAR SIR. — For the maintenance of colonial dependence, and for the perpetuation of power to compel the colonists to make their exchanges in a foreign market from which they were allowed to carry away but one-fourth of the real value of their products, it was, as you have already seen, held that they should be led to disperse themselves throughout the West — thereby almost annihilating that power of association which, as then was feared, might lead to such increase of wealth and strength as would forward the cause of independence. For the accomplishment of that great object, the aid of government was then invoked — its help being needed for providing lands and means of transportation. Since then, the British free trade system has been employed to do the work, its mode of action being that one so well described in a Parliamentary document now but a few years old, the following extract from which is here submitted for your perusal:

"The laboring classes generally, in the manufacturing districts of this country, and especially in the iron and coal districts, are very little aware of the extent to which they are often indebted for their being employed at all to the immense *losses* which their employers voluntarily incur in bad times, in order *to destroy foreign competition, and to gain and keep possession of foreign markets.* Authentic instances are well known of employers having in such times carried on their works at a loss amounting in the aggregate to three or four hundred thousand pounds in the course of three or four years. If the efforts of those who encourage the combinations to restrict the amount of labor and to produce strikes were to be successful for any length of time, the great accumulations of capital could no longer be made *which enable a few of the most wealthy capitalists to overwhelm all foreign competition in times of great depression*, and thus to clear the way for the *whole trade* to step in when prices revive, and to carry on a great business before *foreign* capital can again accumulate to such an extent as to be able to establish a competition in prices with any chance of success. *The large capitals of this country are the great instruments of warfare against the competing capital of foreign countries*, and are *the most essential* instruments now remaining by which our manufacturing supremacy can be maintained; the other elements — cheap labor, abundance of raw materials, means of communication, and skilled labor—being rapidly in process of being equalized."

The system here so admirably described, is very properly characterized as being a "warfare;" and it may now be proper to inquire for what purposes, and against whom, it is waged. It is a war, as you see, my dear sir, for cheapening all the commodities we have to sell, labor and raw materials—being precisely the object sought to be accomplished by that "Mercantile System," whose error was so well exposed in the *Wealth of Nations.* It is a war for compelling the people of all other lands to confine themselves to agriculture — for preventing the diversification of employments in other countries — for retarding the development of intellect — for palsying every movement, elsewhere, looking to the utilization of the metallic treasures of the earth—for increasing the difficulty of obtaining iron—for diminishing the demand for labor—for doing all

these things at home and abroad — and for, in this manner, subjecting all the farmers and planters of the world to the domination of the manufacturers of Britain.

How our government co-operates in this warfare upon its people, and in the promotion of the great work of recolonization, will readily, my dear sir, be understood by all who shall study the British prescription given in a former letter, and shall then compare it with the course of action here, under your advice, so steadily pursued — expending, as we have done, and now are seeking to do, enormous sums, and even carrying on distant wars, for the acquisition of further territory — making large grants of land for facilitating the construction of roads and the dispersion of our people—forcing millions of acres upon the market, and then rejoicing over the receipts, as if they furnished evidence of increasing strength, and not of growing weakness — wasting the proceeds in political jobs of the most disgraceful kind, and in this manner producing financial crises that close our mines, furnaces, and mills, and drive our people to seek a refuge in the wilderness, there to pay the speculator treble price for land — and thus enabling him to demand three, four, or five per cent *per month*, for the use of some small amount of capital to aid in clearing the land thus purchased, and in erecting the little dwelling.—The house built, and the farm commenced, next comes the sheriff, and by his aid the poor colonist is now driven to seek a new refuge in some yet more distant territory — in full accordance with the desires of those of our free trade friends abroad, who see in every attempt at combination a step toward manufactures — "that step which Britain has so much cause to dread."

That such are the facts presented by our records cannot be denied. Having studied them with the attention they demand, you will, my dear sir, be in a position to answer to yourself, even if not to me, the question — Does the history of the world, in any of its pages, exhibit evidence of the existence elsewhere of so powerful a combination for the promotion of that pauperism and crime, whose extraordinary growth you have so well described? So far as my knowledge of history extends, it warrants me in saying, that no such evidence can be presented.

The poor colonist, thus driven out, suffers under a tax for transportation that, if continued, must for ever keep him poor. His need for better roads is great, but of power to assist himself he has none whatever. His distant masters may, perhaps, be induced to grant him help — knowing, as they do, that each new road will act as a feeder of their coffers, while aiding in the destruction of the powers of the soil, in the further scattering of their subjects, and in more firmly establishing their own security against the adoption of any measures tending to the promotion of industrial independence. Lands are now mortgaged, and at enormous rates of interest, as the only mode of obtaining the means with which to commence the road. The work half made, it becomes next needful to raise the means with which to finish it, and bonds are now created, bearing six, eight, or ten per cent interest, to be given at enormous discounts, in exchange for iron so poor in quality that it would find a market nowhere else — its wear and tear being such as must prove destructive to its unhappy purchaser. Under such circumstances the road fails to pay, and it passes into the hands of mortgagees,

leaving those by whom the work was started, poorer than before — their lands being heavily mortgaged, and they themselves being at last driven out of house and home. Such is the history of most of the persons who have contributed toward the commencements of the road and canal improvements of which we so much boast, and such the history of the roads themselves — each and every financial crisis causing further absorption of American railroad property by English bondholders, as has been already done in reference to the Reading, Erie, and so many other roads.

Must this continue to be so? It must, and for the reason, that our whole policy tends toward the annihilation of local action and domestic commerce—that commerce in the absence of which railroads can never be made to pay interest on the debts to the contraction of which their owners have been driven. The greater their dependence upon distant trade, the more imperative becomes, from day to day, the necessity for fighting for it — for adopting measures tending to the further destruction of local traffic — and for thus rendering more and more certain the ultimate ruin of nearly every railroad company of the Union. How is it with yourselves — with the people of your State? But a short time since, we were assured that a barrel of flour could be transported to your city from Rochester at less cost than from Utica — from Buffalo more cheaply than from Rochester — from Cleveland for less than from Buffalo — and from Chicago more cheaply than from Cleveland — your railroad companies thus offering large bounties on the abandonment of the soil of the State, and thereby aiding our foreign masters in the accomplishment of the dispersion of our people. So is it in this State of Pennsylvania — through freight being carried at less than cost, while domestic commerce is taxed for the payment of losses, interest, salaries, and dividends.—In all this there is a tyranny of trade that has at length become so entirely insupportable, that the farmers of the older States are now clamorous for measures of relief — urging upon their respective legislatures the adoption of laws in virtue of which they shall be relieved from a tax of transportation that is destroying the value of their land and labor, and that must result in the crippling of all the Atlantic States, as well as of some of the older of their Western neighbors.

To such demand on the part of your farmers, you, however, reply, that it would be "legislation against trade" — that "nothing could be more impolitic than this process" — that

"The citizens of Baltimore and Philadelphia, if they should think it decorous and politic to do such a thing, might well pass a public vote of thanks to the legislature which would enact such a law. The moment it is passed, all the through trade, all the vast accumulations of the produce of the West which now find their way to New York by the New York Central Railroad, will desert it. When the Governor of New York signs the bill preventing free competition between our Central Railroad and its more southern rivals, he signs a bill for the relief of Philadelphia and the aggrandizement of Baltimore, and there will be great rejoicing in those cities, whether it be publicly expressed or not. . . . . The people of Maryland and Pennsylvania make no laws to prevent the competition of their railways with ours. They are satisfied to let those who manage them draw off as great a proportion of the freight from our channels of transportation as they are able, and they will be very glad of our co-operation in this work.

Baltimore has invested sixty millions of dollars in the railways which centre in that flourishing city. Whether these are profitably managed or not, is not so much the question with those who contribute the money, as whether the effect shall be to build up Baltimore as a great mart, and make Maryland the thoroughfare of an active trade. Baltimore is the commercial gate of the South; her ambition is to become that of the West also. No measure could be better calculated to conspire with this ambition, and further this intent, than the *pro rata* freight bill now before our legislature. We earnestly hope that those members who have been induced to favor it will give the subject a more careful consideration, and spare us from an enactment the error of which will be but too deplorably evident before another legislature can assemble."

In all this, I find no single word in favor of the farmers and landholders of your State — those people upon whom you so long have urged consideration of the advantage that must result to them from destroying internal commerce and readopting the colonial system against which our predecessors made the Revolution. Had you now occasion to talk to *them*, you would probably say — "Gentlemen farmers, you are entirely in error in supposing that you have any interests that require to be considered. The more you can be forced to become dependent upon Britain, the more rapid will be the growth of cities like our own. That the dependence may be increased it is needed that we close the mills, mines, and furnaces of the Union; that we render the laborer more and more dependent upon the capitalist; that financial crises continue to increase in number and intensity; that the rate of interest be maintained so high as to ruin farmers, manufacturers, and railroad companies, while increasing the number of millionaires; that pauperism and crime continue to increase, with constant diminution in the power to purchase the products of the farm; that the productiveness of your land continue to diminish as it now is doing; that our people be dispersed; and that railroads continue to co-operate with the government in the effort to destroy that power of association to which, alone, should we look, did we desire to witness your growth in strength, wealth, and power. The heavier your taxation, the higher will be the prices of our city lots."

That the British free trade system is one of universal discord is proved by the commerce of India, Ireland, Turkey, and all other countries subject to it, and by our own, in every period of its existence. That opposition to it is productive of harmony, force, and strength, is shown in the movements of Germany, France, and every other country that looks to the development of internal commerce as furnishing the real base of an extended intercourse with other nations. Turn, if you please, to the recent letter of the French Emperor, and find him telling his finance minister that —

"One of the greatest services to be rendered to the country is to facilitate the transport of articles of first necessity to agriculture and industry. With this object, the Minister of Public Works will cause to be executed as promptly as possible the means of communication, canals, roads, and railways, whose main object will be to convey coal and manure to the districts where the wants of production require them, and will endeavor to reduce the tariffs by establishing an equitable competition between the canals and railways."

Compare with this the teachings of the *Post*, and you will find the latter saying directly the reverse—exhibiting the advantage of sending to England all our products in their rudest forms, thus losing the

manure, and driving our people to the West, there to find a constant increase in the necessity for roads, accompanied by as constant decrease in the power to make them.—That done, allow me to ask your attention to the steady growth of harmony in the interests of railroad owners, farmers, and manufacturers, exhibited in the following figures representing the receipts of French railroads in recent years:

	Total Receipts. Francs.	Receipts per Kilometer. Francs.
1857	311,608,012	45,259
1858	335,239,015	41,398

The year following the great financial crisis exhibits, thus, a larger receipt than that by which it had been preceeded. — Look now to the receipts of the first half of the two past years, as follows, and mark the great increase that has since been made —

	Total Receipts. Francs.	Receipts per Kilometer. Francs.
1858	148,955,578	19,305
1859	181,095,064	20,699

Compare, I pray you, my dear sir, the movement thus indicated with that exhibited among ourselves in the past three years, and you will have little difficulty in comprehending why it is, that our railroad companies, like our farmers and manufacturers, our miners and our shipowners, are now being ruined — the $1200,000,000 expended in their construction having at this moment a market value that can scarcely exceed, even if it equal, $400,000,000.

Looking at all these facts, is it not certain, my dear sir, —

That the free trade system of which you are the advocate is one of universal discord?

That it tends to the involvement of men of all pursuits in life, and of the Union itself, in one great and universal ruin? And, therefore,

That it is to the interest of the railroad proprietor to unite with the farmer in promoting the adoption of measures having for their object the development of our mineral wealth, the creation of a real agriculture, and the extension of domestic commerce?

Hoping for replies to these questions, and ready to give them circulation among millions of protectionist readers, I remain, with much respect,

Yours, very truly,

HENRY C. CAREY.

W. C. BRYANT, ESQ.

PHILADELPHIA, *February* 20, 1860.

LETTER NINTH.

From the Evening Post, Tuesday, February 21st.

"An Attempt to Revive an Old Abuse. — It is intimated, we know not on what authority, that the Committee of Ways and Means are about to report a bill to the House of Representatives, with the view of carrying into effect Mr. Buchanan's recommendation to return to the old system of specific duties.

"If this be so, our aged President, who has been worrying about specific duties ever since he took the Executive chair, will undoubtedly enjoy a slight sense of relief. For our part, we should be perfectly willing to see him gratified in this respect, if the measure suggested did not imply an impeachment of the good sense of the committee by whom the bill is said to be preparing, and if the return to specific duties were not simply a device to increase the burdens of the people. The mill-owners are not satisfied with their profits; they do not make money enough by selling their merchandize, and they call for specific duties to enable them to extract a more liberal revenue from those with whom they deal.

"This is the plain English of the clamor for specific duties. The consumers do not want them, do not ask for them, are satisfied with the present method of collecting the duties by a percentage on the value of the goods imported; the only change they wish for is that the duties should be made lighter. Only the fraternity of mill-owners, shareholders in manufacturing corporations, capitalists who are anxious, as all capitalists naturally are, to make what they possess more productive than it now is, ask for the imposition of specific duties. They have not the face to ask for a direct increase of the duties as they now stand; they are afraid to demand that a tax of fifteen per cent on imported merchandize shall be raised to twenty per cent, or a duty of twenty to one of twenty-five or thirty. The country would cry shame on any such change. They, therefore, get at the same thing indirectly; they wrap up the increase of taxation in the disguise of specific duties; the consumer is made to pay more, but being made to pay it under the name of specific duties, the increase is of such a nature that it will be apparent only to an expert mercantile calculator. The consumer finds that the commodity he needs bears a higher price, but he is mystified by the system of specific duties, and does not know that the increase of price is a tribute which he is forced to pay to the mill-owners.

"That class of men who own our manufacturing establishments have had possession of the legislative power of the country long enough. It is quite time that the committees of Congress, and those who vote on the schemes laid before them by those committees, should begin to consult the wishes of the people. It is high time that they should begin to ask, not what will satisfy the owners of forges, and foundries, and coal-mines, and cotton-mills, and woollen-mills, but what is just and fair to those who use the iron, and warm their habitations with the coal, and wear the woollens and the cottons. This is not done; the lords of the mills speak through the mouth of the President of the Republic and call for specific duties, and now we are told that they are dictating a bill to the Committee of Ways and Means.

"Great apprehensions have been entertained by many persons, both here and abroad, lest minorities should be oppressed in our country by unjust laws passed in obedience to the demand of the mass of the people. We received, not long since, a letter from England, in which great anxiety was expressed lest this should lead to the downfall of our government. Hitherto, however, the people in this country have been oppressed by powerful and compact minorities. Laying aside the fact that small classes of men, united by a very perfect mutual understanding, and wielding large capitals, too often domineer in our State legislatures, it is

certain that the revenue laws of this country have, for many years past, been framed by a minority. The mill-owners have dictated the whole system of indirect taxation, ever since the last war with Great Britain, and the utmost we have been able to obtain in the struggle against their supremacy has been some mitigation, some relaxation of the protective system — never a complete release from it. The oligarchy of slaveholders, scarcely more numerous than that of the mill-owners, and equally bound together by a common interest and concerted plans of action, have held the principal public offices, interpreted the laws, and swayed the domestic policy of the country with a more and more rigorous control for many years past. We are engaged in a struggle with that oligarchy now; but we have no idea of allowing the other oligarchy of mill-owners, while we are thus engaged, to step in and raise the tribute-money we pay them to the old rates. What we have wrested from their tenacious grasp we shall keep, if possible.

"Other governments are breaking the fetters which have restrained their peaceful intercourse with each other, and adopting a more enlightened system — a system which is the best and surest pledge of enduring amity and peace between nations. England and France are engaged in putting an end to the illiberal and mutually mischievous prohibitive system in their commerce with each other. It will dishonor us in the eyes of the civilized world if we, who boast of the freedom of our institutions and the wisdom of our legislation, should in the meantime be seen picking up the broken fetters of that system, and putting them into the hands of artisans at Washington to forge them again into handcuffs for our wrists. If any such bill as is threatened should be introduced into Congress by the Committee of Ways and Means, we trust that the Republicans of the Western States will be ready to assist in giving it its death-blow. If it do not meet its quietus from them, it will probably be rejected, as it will richly deserve, in the Senate, and Mr. Buchanan will never have the satisfaction of giving it his signature."

DEAR SIR:—You have been invited to lay before your readers the arguments in favor of such a change in our commercial policy as should tend to produce diversification in the demand for human service, thereby increasing the power of association and the productiveness of labor, while relieving our farmers from a tax of transportation ten times more oppressive than all the taxes required for the support of European fleets and armies — that invitation having been given in the hope that by its acceptance you would make manifest your willingness to permit your readers to see both sides — your entire confidence in the accuracy of the economical doctrines of which you have been so long the earnest advocate — and your disposition to espouse the cause of truth, on whatsoever side she might be found. That you should have failed to do this has been to me a cause of much regret, having hoped better things of a lover of freedom like yourself. Resolved, however, that *my* readers shall have full opportunity to judge for themselves, I now, as you see, place within the reach of the great mass of the protectionists of the Union, the reply that you have just now published, sincerely hoping that they may give to it the most careful study, and thus enable themselves to form a correct estimate of the sort of arguments usually adduced in support of that British free trade policy which has for its object the limitation of our farmers to a single and distant market for their products — the maintenance of the existing terrific tax of transportation — and the ultimate reduction of our whole people to that state of colonial dependence from which we were rescued by the men who made the revolution.

As presented by me, the question we are discussing is not of the prices of cotton goods, but of human freedom, and in that light it

is that I have begged you should consider it. In support of that view, I have urged upon your consideration the facts, that every British free trade period has closed with one of those fearful crises whose sad effects you have so well depicted; that crises have been followed by paralyses of the domestic commerce, destroying the demand for labor; and that, as a necessary consequence, each such period has been marked, on one side, by a great increase in the number of millionaires, and on the other, by such a growth of pauperism that that terrible disease appears now, to use your own words, "like the Canadian thistle, to have settled on our soil, and to have germinated with such vigor, as to defy all half measures to eradicate it." Further, you have been asked to look to the facts, that the reverse of all this has been experienced in every period of the protective system — domestic commerce having then grown rapidly, with constant increase in the demand for labor, and as constant augmentation in the regularity of the societary action, in the freedom and happiness of our people, in the strength of the government, and in the confidence of the world, both at home and abroad, in the stability of our institutions. Such is the view that has been presented to you, in the hope and belief that to a lover of freedom like yourself it would be one of the highest interest, and that it would be met and considered in a manner worthy of a statesman and a Christian. Has it been so considered? To an examination of that question I shall now ask your attention, reserving for a future letter the consideration of the effects of the advalorem system in producing those financial crises whose terrible effects you have so well depicted, and that pauperism and crime whose growth you have so much deplored.

The experience of the outer world is in full accordance with our own, the whole proving that the tendency toward harmony, peace, and freedom, exists in the direct ratio of the diversity in the demand for human force, and consequent power of combination among the men of whom society is composed. Therefore is it, that the most distinguished economists are found uniting in the idea expressed by M. Chevalier, the free trader whom you so much admire, that it is only "the accomplishment of a positive duty" on the part of governments, so to direct their measures as to facilitate the taking possession of all the various branches of industry for which the country has been by nature suited. Such must be the view of every real statesman — recognizing, as such men must, the existence of a perfect harmony in the great and permanent interests of all the various portions of society, laborers and capitalists, producers and consumers, farmers and manufacturers. Of such harmony, however, you give your readers none—consumers of cloth and iron here being told that capitalists "not satisfied with their profits" are anxious to "increase the burdens of the people;" that "the fraternity of mill-owners," and they alone, are anxious for a change of system, with increase of taxes; that "the lords of the mills" are dictating to the Committee of Ways and Means; that "mill-owners have dictated the whole system of indirect taxation;" and that it is high time for them now to protest against the further maintenance or extension of the system. Here, as everywhere, you are found in alliance with that British free trade system which seeks the production of discord, and discord and slavery march always hand in hand together through the world.

Allow me now, my dear sir, to ask you if you really believe that the facts are such as they here are said to be? Do you not, as well as myself, *know*, that for years past, the wealthy mill owners of New England have been opposed to any change of system that could, by giving increased protection, tend to augment domestic competition for the sale of cloth, knowing, as they did, *that such competition must decrease the cost of cloth to the consumer.* So is it now, with the wealthy iron master. He can live, though all around him may be crushed by British competition; and then, in common with his wealthy British rivals, he must profit by the destruction they have made. Such being the facts, and that they are so I can positively assert, are you not, by opposing protective measures, aiding in the creation among ourselves of a little "oligarchy of mill owners," whose power to increase the "tribute money" of which you so much complain, results directly from the failure of Congress so to act as to increase domestic competition for the sale of cloth and iron? The less that competition, the less must be the reward of labor, and the larger the profits of the capitalist, but the greater must be the tendency towards pauperism and crime, and the less the power to consume either cloth or iron.

"Hitherto," as you here tell your readers, our people "have been oppressed by powerful and compact minorities." In this you are right —a small minority of voters in the Southern States having dictated the repeal of the protective tariffs of 1828 and 1842, and having now, with a single and brief exception, dictated for thirty years both the foreign and domestic policy of this country. In 1840, however, the free people of our Northern States, farmers, mechanics, laborers, and miners — the men who had labor to sell and knew that it commanded better prices in protective than in free trade times — rose in their might and hurled from power this little "oligarchy" of slave owners, then taking for themselves the protection which they felt they so greatly needed. That it is, which they now seek again to do — desiring once again to free themselves from the control of that "powerful and compact minority" of slaveholders, under whose iron rule they so long have suffered.

Permit me now, my dear sir, to ask on what side it was you stood, in the great contest of 1842? Was it with the poor farmer of the North who sought emancipation from the tax of transportation, by the creation of a domestic market for his products? Was it with the mechanic who sought the re-opening of the shop in which he so long had wrought? Was it with the laborer whose wife and children were perishing for want of food? Was it with the little shopkeeper who found his little capital disappearing under demands for the payment of usurious interest? *Was it not*, on the contrary, with that "little oligarchy" of men who owned the laborers they employed, and opposed the protective policy, because it looked to giving the laborer increased control over the products of his labor? *Was it not* with the rich capitalist who desired that labor might be cheap, and money dear? *Was it not* with those foreign capitalists who desired that raw materials might be low in price, and cloth and linen high? *Was it not* with those British statesmen who find in the enormous capitals of English iron masters "the most potent instruments of warfare against the competing industry of other countries"? To all these questions the answers must be in the affirmative, your

journal having then stood conspicuous among the advocates of pro-slavery domination over the free laborers of the Northern States. —

We have now another free trade period, when crisis has been followed by paralysis, and it may, my dear sir, be not improper to inquire on what side it is that you now are placed. Is it by the side of the free laborer who is perishing because of inability to sell his labor? Is it by that of the poor farmer of the West, who finds himself compelled to pay five per cent, *per month*, to the rich capitalist? Is it by that of the unemployed mechanic of the Middle and Northern States? Is it by that of the farmer whose land diminishes in value because of the enormous tax of transportation to which he is subjected? *Is it not*, on the contrary, by the side of that "little oligarchy" which holds to the belief that the laborer is "the mud-sill" of society, that slavery for the white man and the black is the natural order of things, and that "free society has proved a failure"? For an answer to these questions, allow me now to point you to the fact that you have here invoked the aid of a Senate, the control of which is entirely in the hands of that same "oligarchy," for resisting any and every change in our commercial policy asked for by the farmers and laborers of the Northern States. Now, as for thirty years past, your opponents are found among the men who sell their own labor, while your chief allies are found in the ranks of those by whom such men are classed as serfs. Need we wonder, then, that your journal should be always advocating the cause of the millionaires, and thus helping to augment the pauperism and crime whose rapid growth you so much lament?

The facts being thus so entirely the reverse of what you have stated them to be, is it not, my dear sir, most remarkable —

That, after aiding, during so long a period, in the establishment of pro-slavery domination over our domestic and foreign commerce, you should now venture to assert, that "the mill owners have dictated the whole system of indirect taxation, ever since the late war with Great Britain"?

That, the necessity for resorting to such mis-statements does not furnish you with proof conclusive of the exceeding weakness of the cause in support of which you are engaged?

That, regard for truth does not prompt you to a re-examination of the question, with a view to satisfying yourself that of all the pro-slavery advocates, the *Journal of Commerce* not excepted, there is not even a single one that has proved more efficient than yourself?

Hoping that you may follow my example by giving this letter a place in your columns, and ready to place within the reach of millions of protectionist readers, whatever answer you may see fit to make, I remain,

Yours, very respectfully,

HENRY C. CAREY.

W. C. BRYANT, ESQ.

PHILADELPHIA, *February* 28, 1860.

LETTER TENTH.

DEAR SIR. — Allow me to beg that you now review with me some of the facts that thus far have been presented for your consideration, having done which, I will ask you to say if in the annals of the world there can anywhere be found a more admirable contrivance for the annihilation of domestic commerce than that which exists among ourselves, consequent upon the adoption of British free trade doctrines. Closing our mills and furnaces, the government compels our people to seek the West. There arrived, they find themselves taxed for transportation to such extent that not only have they no power to develop the mineral wealth that so much abounds, but are wholly unable even to construct roads by means of which to go to the distant market. Few in number and poor, they are driven to seek relief at the hands of their British friends, or masters, pledging their lands and houses as security for the payment of railroad bonds. In due season, the foreign creditor becomes owner of the road, anxious to increase his revenue, but, above all, anxious to promote the dispersion of our people, and to secure the maintenance of our existing colonial dependence. Seeking to accomplish that object, he taxes *your* farmers for the transportation of the produce of distant lands — compelling *them* to make good all the losses resulting from cheaply carrying the products of Wisconsin and Minnesota. Thus destroying the value of the land and labor of Atlantic States, he compels a further emigration, and thus on and on he goes — fully carrying out the British plan of recolonization, while always lauding the advantages to be derived from the British free trade system. It is a remarkably ingenious arrangement, and the more you study it, the more, my dear sir, you must be led to wonder at the folly of our people in having so long submitted to it. The British people are somewhat heavily taxed, but for every dollar they pay for the support of *their own* system, do not our people pay ten for the support of *foreign people and foreign governments?*

That the strength of a community grows as its internal commerce increases, and declines as that commerce decays, is proved by the history of every nation of the world. Such being the case, allow me to ask you now to look with me into that commerce among ourselves, with a view to determining its extent. How much does Kentucky exchange with Missouri? What is the annual value of the commerce of Ohio with Indiana, or of Virginia with Kentucky? Scarcely more, as I imagine, than that of a single day's labor of their respective populations; and, perhaps, not even half so much.—Why is this the case? Is it not a necessary consequence of the absence of that diversity of employments *within the States*, everywhere seen to be so indispensable to the maintenance of commerce? Assuredly it is. Ohio and Indiana have little more than one pursuit — that of tearing out the soil, and exporting it in the form of food. Virginia and Kentucky sell their soil

in the forms of tobacco and of corn. Carolina and Alabama have the same pursuits; and so it is throughout by far the larger portion of the Union — millions of people being employed in one part of it, in robbing the earth of the constituents of cotton, while in others, other millions are employed in plundering the great treasury of nature, of the constituents of wheat and rice, corn and tobacco, and thus destroying, for themselves and their successors, the power to maintain commerce.

The commerce of State with State is thus, as you see, my dear sir, but very trivial; and the reason why it is so, is, that the commerce of man with his fellow-man, within the States, as a general rule, is so exceedingly diminutive. Were the people of Illinois enabled to develop their almost boundless deposits of coal and iron ore, and thus to call to their aid the wonderful power of steam, the internal commerce of the State would grow rapidly — making a market at home for the food produced, and enabling its producer to become a large consumer of cotton. Cotton mills then growing up, bales of cotton wool would travel up the Mississippi, to be given in exchange for the iron required for the roads of Arkansas and Alabama, and for the machinery demanded for the construction of cotton and sugar mills, in Texas and Louisiana.

That, however, being precisely the sort of commerce which Britain so much dreads, and that, too, which our own government desires to destroy, the capitalist feels no confidence in any road dependent upon its growth, whether for the payment of interest upon its bonds, or dividends upon its stock. Hence the almost entire impossibility of obtaining the means of making any road that does not lead directly to Liverpool and Manchester. Look with me, I pray you, into the Report just now published, of the Sunbury and Erie Railroad — running, as it does, through a country abounding in mineral wealth and fertile lands. Its length is 288 miles, 248 of which are already made, and 148 completed by the laying of the iron — the expenditure having somewhat exceeded $8,500,000. There, however, the work stops, it being quite impossible to obtain, even as a temporary loan, either at home or abroad, the trivial sum that is yet required, except at the cost of sacrifices that must be ruinous to those who have commenced the work. Until it shall be obtained, the capital already expended must fail to be productive, and lands equal in extent to a moderate German kingdom, must fail to contribute to the maintenance of our people, and to the increase of the States in wealth, strength, and power.

Thirty years since, Germany did as we are doing, exporting raw materials, and importing finished products. Adopting protection, she has placed herself in a position to compete with Britain for the purchase of wool and cotton, and for the export of knives and cloth. Then she was poor, but now she is so rich that her people take from us bonds by which our roads and lands are bound for the payment of rates of interest so enormous as to ruin the persons whose property has been pledged. —Thirty years since, we paid off all our foreign debts. Adopting free trade measures, we have since created a foreign debt that requires for payment of its interest alone, more than the products of all our farms that go to Europe. Then, we were rich and strong. Now, we appear as beggars for loans in every money market of Europe, and are fast becoming the very paupers of the world.

That our system tends to the destruction of domestic commerce in the Atlantic States, is beyond a question. How it affects the value of land and labor throughout those Western States, in whose favor you now appeal to your Legislature, asking for a continuance of the system by means of which the New York farmer is made to pay the cost of transporting the corn and wheat of his Western competitor, we may now inquire.

Ten years since, Congress created in Illinois a great company of landlords — granting many millions of acres of land, coupled with the obligation to construct a road from north to south, across the State. Two years later, an ex-Secretary of the Treasury, author of the tariff of 1846, was found in London, engaged in peddling off the Company's stock and bonds. While there, he published a book, setting forth the fact that Illinois abounded in rich soils, and in coal and ores, and proving that the land alone would pay for making a road that was to cost, according to my recollection, some fifteen or twenty millions of dollars — the whole of which must, therefore, be clear profit to the stockholders. Eventually, the bait was swallowed, and the result exhibits itself in the fact that Mr. Cobden has been a ruined man — having been led by his free trade friends to invest therein the whole sum of $350,000 paid to him by the Manchester manufacturers, as compensation for his successful efforts at bringing about a repeal of the British corn laws, and of our protective tariff of 1842.

Why is this? Why is it, that the proprietors of so many millions of acres, and of a road crossing so many beds of coal and ores of various kinds, are ruined men? Because the road runs from north to south, and not from east to west, and cannot, therefore, be made a part of any line leading through New York to Liverpool. Because, the value of the land depended upon the development of domestic commerce — that commerce which "Britain has so much cause to dread." Had the tariff of 1842 continued in existence, the coal of Illinois would long since have been brought into connection with the lead, iron, and copper ores of Missouri, and the country of the lakes, and with the cotton of the South; and then, all the promises of Mr. Walker, and all the hopes of Mr. Cobden, would have been fully realized. Had, however, that tariff been maintained, the people of Illinois would have made their own roads, and the country would have been spared the disgrace of having ex-Cabinet ministers engaged in the effort to persuade English bankers to lend the money required for their construction. They would have been spared, too, a succession of financial crises, bringing ruin to themselves, while enabling their British free trade friends to denounce them, in common with all their countrymen, as little better than thieves and vagabonds.

The less our domestic commerce, the greater is our dependence upon Liverpool and Manchester, and the less our power to construct any road that does not lead in that direction — the general rule being, that north and south roads can never be made to pay. Look to your own State, crossed by two railroads, leading through your city to Liverpool, while your people are being heavily taxed for an enlargement of your canals, which has for its only object an increase of competition on the part of Western farmers; that increase, too, established at the very moment when your railroad owners are compelling your farmers to pay all the

losses they incur in carrying Western produce at less than the mere cost of transportation. Passing south, you find a Pennsylvania road, running east and west, to compete with yours, Maryland and Virginia roads to compete with all, and South Carolina and Georgia roads intended to do the same; but of local roads you find almost none whatever. Why is this? Because Liverpool is becoming more and more the centre of our system, with New York for its place of distribution. Because we are fast relapsing into a state of colonization even more complete than that which existed before the Revolution.

For the moment, your city profits by this British free trade policy, the prices of lots rising as the taxation of farming lands augments, but, is it quite certain that her services will always be required, as distributer of the produce of British looms? May it not be, and that, too, at no distant period, that Manchester and Cincinnati will find it better to dispense with services that require the payment of such enormous sums as are now required for the maintenance of so many thousands of expensive families, the use of so many costly warehouses, and the payment of such enormous rates of interest? The Grand Trunk Road has already, as we are told by the *Daily Times*,

"Seized upon our Western carrying trade, and linked Chicago and Cincinnati to Portland and Boston *by the way of Canada*, and on terms which almost defy competition from the trunk lines of Maryland, Pennsylvania, and New York. They are delivering flour and grain in New England, and both domestic and foreign merchandize in Ohio and Illinois, cheaper than they can be profitably transported via Philadelphia, or New York, or Albany. Not content with this, they have entered into competition with our coasting-trade from the Gulf to the East, and, using that other Anglo-American enterprise just alluded to, the Illinois Central, are delivering cotton from Memphis to the New England factories cheaper and with more expedition than it can be forwarded by the Mississippi River to New Orleans, and thence by sea to New York and Boston. Nor have they been unmindful of their own direct steam communication with England from Quebec and Portland—the last-named point being converted into a mart of British-American commerce by reason of the perpetual lease or virtual ownership by the Grand Trunk Company of the Atlantic and St. Lawrence Railway from Portland to the Victoria Bridge. They are now using the Quebec line of screw steamers, already one of the most successful between England and this continent, for delivering produce from Cincinnati and Chicago at Liverpool *in twenty days!* — to which end they issue their own responsible bills of lading in the West *through to Liverpool*. A sample of this operation may be seen in Wall Street almost any day attached to sterling bills of exchange made against breadstuffs and meat and provisions from the West on England. And it is by no means certain that in another year the cotton of Tennessee and North Mississippi will not be made to take the same extraordinary direction, say from the planting States to Manchester through Canada."

Such being the case now, at the end of fourteen years of British free trade, what will it be ten or twenty years hence? Arrangements are already on foot for connecting Southern cities with Liverpool by means of Portland, while, throughout the West, the managers of the road "have not," as we are farther told,

"Failed to effect the needful alliances in the West, to make the connexions at least temporarily complete. The Illinois Central, from Cairo to Chicago, is their natural ally by reason of its English proprietary, and they bridge the peninsula of Michigan by another English work, the Detroit and Milwaukee Railway. As this last connection will not fully answer the designs of the company on the

winter and early spring trade of the West, while the lakes are closed, it is not impossible that one of the older Michigan roads may be leased, like the Atlantic and St. Lawrence, or a controlling interest purchased in its shares and mortgages. The Michigan Southern has been named in this connection, because of its present financial embarrassments, which have cheapened almost to a nominal value its stock and bonds, and because, too, of its terminus at Toledo as well as Detroit; the former point being essential to the Cincinnati connections of the Grand Trunk."

The more frequent and severe our financial crises, the more perfect must become the control of British traders over all our roads, and the greater the tendency towards diminution in the necessity for profiting of the services of New York stores and New York merchants. So, at least, it seems to me.

For seven years past we have talked of the construction of a road to California, but, in the present state of our affairs, becoming poorer and more embarrassed from year to year, it is quite impossible that we should ever enter upon such a work. The wealth and power of Britain, on the contrary, become greater from day to day — all her colonies, ourselves included, being compelled to add to the value of her land and labor, while their own soils become more and more impoverished, and their own laborers are less and less employed. Let our existing commercial policy be maintained, and we shall see the Grand Trunk Road extended to the Pacific — Portland and Quebec becoming the agents of Liverpool and Manchester, and taking the place now occupied by New York.

Looking at all these facts, is it not clear—

That all our tendencies are now in the direction of colonial vassalage?

That, as your city has grown at the expense of others, because of its proximity to Liverpool, so other places, furnishing means of communication that are more direct, may profit thereby at its expense?

That as Liverpool has taken the place of New York in regard to ships, it may soon do so in regard to trade? And therefore,

That the real and permanent interests of your city are to be promoted by an union of all our people for the re-establishment of that industrial independence which grew so rapidly under the protective tariffs of 1828 and 1842?—

Begging you to be assured of my continued determination to give to the answers you may make to these questions, the widest circulation among protectionist readers, I remain, my dear sir,

Yours, very truly,

HENRY C. CAREY.

W. C. BRYANT, ESQ.

PHILADELPHIA, *March* 6, 1860.

LETTER ELEVENTH.

From the Evening Post, Tuesday, Feb. 28.

"An Example of the Effect of Protection.—Among the commodities which have hitherto not been permitted to be brought into France from foreign countries is cutlery. It is now included in the list of merchandize to which the late treaty with Great Britain opens the ports of France.

"Those who have made a comparison of French cutlery with the cutlery of the British islands must have been at first surprised at the difference in the quality. Nothing can exceed the perfection of workmanship in the articles turned out from the workshops of Sheffield. The symmetry and perfect adaptation of the form, the excellence of the material, the freedom from flaws, and the mirror-like polish which distinguish them, have for years past been the admiration of the world. French cutlery, placed by its side, has a ruder, rougher appearance, an unfinished look, as if the proper tools were wanting to the artisan, or as if it was the product of a race among whom the useful arts had made less progress.

"This is not owing to any parsimony of nature, either in supplying the material to be wrought or the faculties of the artisan who brings it to a useful shape. The ores of the French mines yield metal of an excellent quality, and the French race is one of the most ingenious and dexterous in the world. In all manufactures requiring the nicest precision and the greatest delicacy of workmanship the French may be said to excel the rest of mankind. Out of the most unpromising and apparently intractable materials their skilful hands fabricate articles of use or ornament of the most pleasing and becoming forms. What, then, is the reason that their cutlery is so much inferior to that of Great Britain?

"In all probability the reason is that which at one time caused the silk trade to languish in Great Britain, which at one time made the people of the same country complain that their glass was both bad in quality and high in price. In both these instances the competition of foreign artisans was excluded; the British manufacturer having the monopoly of the market, there was nothing to stimulate his ingenuity; he produced articles of inferior quality, his vocation did not flourish, and both he and the community were dissatisfied. So with regard to the cutlery of France, the difficulty has been the prohibition of the foreign article. Let the foreign and the French commodity be looked at side by side for a few years in the shop-windows of Paris, if the duty to which cutlery is still to be subject will permit it, and we think we may venture to pledge ourselves that the French workmen will show themselves in due time no way behind their English rivals. We may expect the same result to take place which has so much astonished and puzzled the friends of protection in Sardinia, where the removal of prohibitions and protective duties has caused a hundred different branches of manufacturing industry to spring to sudden and prosperous activity."

Dear Sir:—Anxious that all the protectionists of the Union should, as far as possible, have it within their power to study both sides of this question, I here, as you see, lay before my readers your latest argument against protection, thereby affording them that opportunity of judging for themselves which you so systematically deny to the readers of the *Post*. Why is it that it is so denied? Is it that the British system can be maintained in no other manner than by such concealment

of great facts as is here so clearly obvious? While enlarging upon the deficiencies of French cutlery, as resulting from protection, was it necessary to shut out from view the important fact, that under a protective system more complete, and more steadily maintained, than any other in the world, France has made such extraordinary progress in all textile manufactures, that she now exports of them to the extent of almost hundreds of millions of dollars annually — supplying them at home and abroad so cheaply, that she finds herself now ready to substitute protective duties for the prohibitions which have so long existed? Would it not be far more fair and honest were you to give your readers all the facts, instead of limiting yourself to the few that can be made to seem to furnish evidence of the truth of that system to which you are so much attached, and to which we are indebted for the financial crises whose ruinous effects you have so well described?

Why is it that the French people, while so successful with regard to silks and cottons, are so deficient in respect to the production and manufacture of the various metals? The cause of this is not, as you tell your readers, to be found in "the parsimony of nature," and yet, it is a well-known fact, that while the supply of coal and iron ore is very limited, others of the most useful metals are not to be found in France. This, however, is not all, the "parsimony of nature" which, notwithstanding your denial of it, so certainly exists, being here accompanied by restrictions on domestic commerce of the most injurious kind, an account of which, from a work of the highest character, will be found in the following paragraph:

"By the French law, *all minerals of every kind belong to the crown, and the only advantage the proprietor of the soil enjoys, is, to have the refusal of the mine at the rent fixed upon it by the crown surveyors.* There is great difficulty sometimes in even obtaining the leave of the crown to sink a shaft upon the property of the individual who is anxious to undertake the speculation, and to pay the rent usually demanded, a certain portion of the gross product. The Comte Alexander de B—— has been vainly seeking this permission for a lead-mine on his estate in Brittany for upwards of ten years."

Having read this, you cannot but be satisfied that it accounts most fully for French deficiencies in the mining and metallurgic arts. That such was the case, you knew at the time you wrote your article, or you did not know it. If you did, would it not have been far more fair and honest to have given all the facts? If you did not, is it not evident that you have need to study further, before undertaking to lecture upon questions of such high importance?

Turning now from French cutlery to British glass, I find you telling your readers that the deficiency in this latter had been "in all probability" due to the fact, that "the competition of foreign artisans" had been so entirely excluded. On the contrary, my dear sir, it was due to restrictions on internal commerce, glass having been, until within a few years past, subjected to an excise duty, yielding an annual revenue of more than $3,000,000. To secure the collection of that revenue, it had been found necessary to subject the manufacturer to such regulations in reference to his modes of operation as rendered improvement quite impossible. From the moment that domestic commerce became free,

domestic competition grew, bringing with it the great changes that have since occurred. That such is the case, is known to all the world, and yet I find no mention of these important facts in this article intended for the readers of the *Post*. Would they not, my dear sir, be better instructed, were you to permit them to see and read both sides of this great question?

What has recently been done with British glass, is precisely what was sought to be done in France by Colbert and Turgot, both of whom saw in the removal of restrictions upon internal commerce the real road to an extended intercourse with other nations of the world. With us, the great obstacle standing in the way of domestic commerce, is found in those large British capitals which, as we are now officially informed, constitute "the great instruments of warfare against the competing capitals of other countries, and are the most essential instruments now remaining by which the manufacturing supremacy" of England "can be maintained;" and in protecting our people against that most destructive "warfare," we are but following in the direction indicated by the most eminent French economists, from Colbert to Chevalier. France has protected her people, and therefore is it, that agricultural products are high in price, while finished commodities are cheap, and that the country becomes more rich and independent from year to year. We refuse to grant protection, and therefore do we sink deeper in colonial vassalage from day to day.

Foreign competition in the domestic market is, however, as we here are told, indispensable to improvement in the modes of manufacture. This being really so, how is it, my dear sir, that France has so very much improved in the various branches, in which foreign competition has been so entirely *prohibited?* How is it, that Belgium and Germany have so far superseded England in regard to woollen cloths? How is it, that American newspapers have so much improved, while being cheapened? Have not these last an entire monopoly of the home market? Would it be possible to print a *Tribune*, or a *Post*, in England, for New York consumption? Perfectly protected, as you yourself are, is it not time that you should open your eyes to the fact that it is to the stimulation of domestic competition for the purchase of raw materials, and for the sale of finished commodities, we must look for any and every increase in the wealth, happiness, and freedom of our people?

The more perfect the possession of the domestic market, the greater is the power to supply the foreign one — the *Tribune* being enabled to supply its distant subscribers so very cheaply, for the reason that it and its fellows have to fear no competition for home advertisements from the London *Times*, or *Post*. "This principle," as you yourself have most truly said,

"Is common to every business. Every manufacturer practises it, by always allowing the purchaser of large quantities of his surplus manufacture an advantage over the domestic consumer, for the simple reason that the domestic consumer must support the manufacturer, and as the quantity of goods consumed at home is very much larger than that sent abroad, it is the habit of the manufacturer to send his surplus abroad, and sell at any price, so as to relieve the market of a surplus which might depress prices at home, and compel him to work at little or no profit."

Admitting now that it were possible for the London *Times* to supply, on every evening, a paper precisely similar to yours—forcing abroad the surplus, and selling "at any price, so as to relieve the domestic market," would you not be among the first to demand protection against the system? Would you not assure your readers of the entire impossibility of maintaining competition against a journal, all of whose expenses of composition and editorship were paid by the home market—leaving its proprietors to look abroad for little more than the mere cost of paper and of presswork? Would you not demonstrate to them the absolute necessity of protecting *themselves* against a "warfare" that must inevitably result in the creation of a "little oligarchy" of monopolists who, when domestic competition had been finally broken down, would compel them to pay ten cents for a journal neither larger nor better than they now obtain for two? Assuredly, you would.

Addressing such arguments to your British free trade friends, they would, however, refer you to the columns of the *Post*, begging you to study the assurance that had there been given, that—

"Whenever the course of financial fluctuation shall have broken the hold of monopolists and speculators upon the mines of iron and coal, which the Almighty made for the common use of man, and whenever there shall be men of skill and enterprise to spare to go into the business of iron-making for a living, and not on speculation, who shall set their wits at it to find out the best ways and the cheapest processes, it must be that such an abundance both of ore and fuel can be made to yield plenty of iron, in spite of the competition of European iron-masters who have to bring their products three thousand miles to find a market."

To all this you would, of course, reply, that "financial fluctuations" created monopolies, and never "broke their hold;" that men of "skill and enterprise" were not generally rich enough to compete with such rivals as the London *Times;* that domestic competition had already given us "cheaper ways and cheaper processes" than any other country of the world; that the freight of a sheet of paper was as nothing compared with the cost of editorship and composition; that all these latter costs were, in the case of the British journals, paid by the domestic market; that "the domestic consumers supported the British manufacturer;" that the quantity of journals consumed at home was so very great that their producers could afford to sell abroad "at any price"—thereby "relieving the market of a surplus which might depress prices at home, and compel them to work at little or no profit;" and that, for all these reasons, it was absolutely necessary to grant you such protection as would give you the same security in the domestic market as was then enjoyed by your foreign rivals?

Would not all this be equally true if said to-day of our producers of cloth and iron, coal and lead? Does the policy you advocate tend to place them in a position successfully to contend with those British manufacturers who "voluntarily incur immense losses, in bad times, in order to destroy foreign competition, and to gain and keep possession of foreign markets"? Can they resist the action of the owners of those "great accumulations of capital" which have been made at our cost, and are now being used to "enable a few of the most wealthy capitalists to over-

whelm all foreign competition in times of great depression"— thereby largely adding to their already enormous fortunes, "before foreign capital can again accumulate to such extent as to be able to establish a competition in prices with any chances of success"? Can it be to the interest of any country to leave its miners and manufacturers exposed to a "warfare" such as is here officially declared? Do not they stand as much in need of protection, for the sake of the consumers, as you would do in the case supposed? Does not your own experience prove that the more perfect the security of the manufacturer in the domestic market, the greater is the tendency to that increase of domestic competition which tends to increase the prices of raw materials, while lessening the cost of cloth and iron? Do not men, everywhere, become more free, as that competition grows, and as employments become more diversified? Is not, then, the question we are discussing, one of the freedom and happiness of your fellow-men? If so, is it worthy of you to offer to your readers such arguments as are contained in the article above reprinted?

Holding myself, as always heretofore, ready to give to my readers your replies to the questions I have put, I remain, my dear sir,

Yours, very truly,

HENRY C. CAREY.

W. C. BRYANT, ESQ.

PHILADELPHIA, *March 13th*, 1860.

LETTER TWELFTH.

DEAR SIR: — Thirty years since, South Carolina, prompted by a determination to resist the execution of laws that were in full accordance with both the letter and the spirit of the Constitution, first moved a dissolution of the Union. Failing to find a second, she stood alone. Since then, all has greatly changed. Now, each successive day brings with it from the South not only threats but measures of disunion, each in its turn finding more persons in the centre and the North anxious for the maintenance of the Union, yet disposed towards acquiescence in the decision of their southern brethren, whatever that may prove to be. This is a great change to have been effected in so brief a period, and sad as it is great. To what may it be attributed, and how may the remedy be applied?

Before answering this latter question, let us inquire into the causes of the disease — for that purpose looking for a moment into the records of our past. The men who made the Revolution did so, because they were tired of a system the essence of which was found in Lord Chatham's declaration, that the colonists should not be permitted to make for themselves "even so much as a single hobnail." They were sensible of the exhaustive character of a policy that compelled them to make all their exchanges in a single market — thereby enriching their foreign masters, while ruining themselves. Against this system they needed protection, and therefore did they make the Revolution — seeking political independence as a means of obtaining industrial and commercial independence. To render that protection really effective, they formed a more perfect union, whose first Congress gave us, as its first law, an act for the protection of manufactures. Washington and his secretaries, Hamilton and Jefferson, approved this course of action, and in so doing were followed by all of Washington's successors, down to General Jackson. For half a century, from 1783 to 1833, such was the general tendency of our commercial policy, and therefore was it that, notwithstanding the plunder of our merchants under British Orders in Council and French Decrees, and notwithstanding interferences with commerce by embargo and non-intercourse laws, there occurred in that long period, in time of peace, no single financial revulsion, involving suspension by our banks, or stoppage of payment by the government. In all that period there was, consequently, a general tendency toward harmony between the North and the South, in reference to the vexed question of slavery — both Virginia and Maryland having, in 1832, shown themselves almost prepared for abolition. Had the then existing commercial policy been maintained, the years that since have passed would have been marked by daily growth of harmony, and of confidence in the utility and permanence of our Union.

Such, unhappily, was not to be the case. Even at that moment South Carolina was preparing to assume that entire control of our commercial

policy, which, with the exception of a single Presidential term, she has since maintained—thereby forcing the Union back to that colonial system, emancipation from which had been the primary object of the men who made the Revolution. With that exception her reign has now endured for more than five and twenty years, a period marked by constantly-recurring financial convulsions, attended by suspensions of our banks, bankruptcies of individuals and of the government, and growing discord among the States.

What, you will probably ask, is the connection between financial revulsion and sectional discord? Go with me, my dear sir, for a moment, into the poor dwelling of one of our unemployed workmen, and I will show you. The day is cold, and so is his stove. His wife and children are poorly clothed. His bed has been pawned for money with which to obtain food for his starving family. He himself has for months been idle, the shop in which he had been used to work having been closed, and its owner ruined. Ask him why is this, and he will tell you to look to our auction-stores and our shops, gorged with the products of foreign labor, while our own laborers perish in the absence of employment that will give them food. Ask him what is the remedy for this, and, if he is old enough to remember the admirable effects of the tariff of 1842, he will tell you that there can be none, so long as southern commercial policy shall continue to carry poverty, destitution, and death, into the homes of those who must sell their labor if they would live. That man has, perhaps, already conceived some idea of the existence of an "irrepressible conflict" between free and slave labor. A year hence, he may be driven by poverty into abolitionism.

The picture here presented is no fancy sketch. It is drawn from life. This man is the type of hundreds of thousands, I might say millions, of persons of various conditions of life, who have been ruined in the repeated financial crises of the five-and-twenty years of British free trade and South Carolinian domination. Follow those men on their weary way to the West, embittered as they are by the knowledge that it is to southern policy it is due that they are compelled to separate themselves from homes and friends, and perhaps from wives and children. See them, on their arrival there, paying treble and quadruple prices for the land they need, to the greedy speculator who finds his richest harvest in free trade times. Mark them, next, contracting for the payment of four and even five per cent per month, for the little money they need, knowing, as they do, that we are exporting almost millions of gold per week, to pay to foreigners for services that they would gladly have performed. Watch them as they give for little more than a single yard of cotton cloth, a bushel of corn, that under a different policy would give them almost a dozen yards. Trace them onward, until you find their little properties passing into the hands of the sheriff, they themselves being forced to seek new homes in lands that are even yet more distant. Reflect, I pray you, upon these facts, and you will find in them, my dear sir, the reasons why the soil of Kansas has been stained by the blood of men who, under other legislation, would have been found acting together for the promotion of the general good.

Mr. Calhoun sowed the seeds of sectionalism, abolitionism, and disunion, on the day on which he planted his free trade tree. Well watered

and carefully tended by yourself and others, all have thriven, and all are now yielding fruit — in exhaustion of the soil of the older States, and consequent thirst for the acquisition of distant territory; in Kansas murders and Harper's Ferry riots; in civil and foreign wars. It is the same fruit that has been produced in Ireland, India, and all other countries that are subjected to the British system. Desiring that the fruit may wither, you must lay the axe to the root of the tree. That done, the noxious plants that have flourished in its shade will quickly decay and disappear.

We are told, however, that the interests of the South are to be promoted by the maintenance of the system under which Ireland and India have been ruined, and which it is the fashion of the day to term free trade. Was that the opinion of Washington, Jefferson, Madison, or Jackson? Is it, even now, the opinion of those Southern men whose views in regard to the slavery question are most in accordance with your own? Are not Kentucky and Tennessee, Virginia and North Carolina, Alabama and Missouri, rich in fuel and iron ore, and all the other materials required for the production of a varied industry? Did not the domestic consumption of cotton increase thrice more rapidly than the population, under the tariff of 1842? Had it continued to increase as it then was doing, would it not now absorb a million and a half of bales — diminishing by many hundreds of thousands the quantity for which we need a foreign market? Under such circumstances would not our planters obtain more for two and a half million of bales than they now do for three and a half millions? Rely upon it, my dear sir, there is no discord in the real and permanent interests of the various sections of the Union. There, all is perfect harmony, and what we now most need is the recognition, by men like you, and by our southern brethren, of the existence of that great and important fact. In that direction, and that alone, may be found the remedy for our great disease.

Looking for it there, the effect will soon exhibit itself in this development of the vast natural resources of every section of the country — in the utilization of the great water-powers of both South and North — and in the increase of that internal commerce to which, alone, we can look for extrication from the difficulties in which we are now involved. Let our policy be such as to produce development of that commerce, and villages will become tied to villages, cities to cities, States to States, and zones to zones, by silken threads scarcely visible to the eye, yet strong enough to bid defiance to every effort that may be made to break them. British policy sought to prevent the creation of such threads — British politicians having seen that by crossing and recrossing each other, and tying together the Puritan of the north, the Quaker, the German, and the Irishman of the centre, and the Episcopalian of the south, they would give unity and strength to the great whole that would be thus produced. Such, too, is the tendency of our present policy, our whole energies having been, and being now, given to the creation of nearly parallel lines of communication — roads and canals passing from west to east through New York and Pennsylvania, Maryland, Virginia, and Carolina — always at war with each other, and never touching until they reach the commercial capital of the British islands. In that direction lie pauperism, sectionalism, weakness, and final ruin of our system

Desiring that the Union may be maintained we must seek again the road so plainly indicated to us by Washington, Jefferson, Madison, Monroe, and Jackson, the greatest men the South has yet produced.

In common with Franklin and Adams, Hancock and Hamilton, those men clearly saw that it was to the industrial element we were to look for that cement by which our people and our States were to be held together. Forgetting all the lessons they had taught, we have now so long been following in the direction indicated by our British free trade *friends* — by those who now see, as was seen before the Revolution, in the dispersion of our people the means of maintaining colonial vassalage — that already are they congratulating themselves upon the approaching dissolution of the Union, and the entire re-establishment of British influence over this northern portion of the continent. For proof of this, permit me to refer you to the following extracts from the *Morning Post*, now the recognised organ of the Palmerstonian government:

"*If the Northern States should separate from the Southern on the question of slavery* — one which now so fiercely agitates the public mind in America — that portion of the Grand Trunk Railway which traverses Maine, might at any day be closed against England, unless, indeed, the people of that State, *with an eye to commercial profit, should offer to annex themselves to Canada.* On military, as well as commercial grounds, it is obviously necessary that British North America should possess on the Atlantic a port open at all times of the year—a port which, whilst the terminus of that railway communication which is destined to do so much for the development and consolidation of the wealth and prosperity of British North America, will make England equally in peace and war independent of the United States. We trust that the question of confederation will be speedily forced upon the attention of her Majesty's Ministers. The present time is the most propitious for its discussion. . . . . If slavery is to be the Nemesis of Republican America—if separation is to take place—the confederated States of British North America, then a strong and compact nation, would virtually hold the balance of power on the continent, *and lead to the restoration of that influence which, more than eighty years ago, England was supposed to have lost.* This object, with the uncertain future of Republican institutions in the United States before us, is a subject worthy of the early and earnest consideration of the Parliament and people of the mother country."

Shall these anticipations be realised? That they must be so, unless our commercial policy shall be changed, is as certain as that the light of day will follow the darkness of the night. Look where we may, discord, decay, and slavery, march hand in hand with the British free trade system — harmony and freedom, wealth and strength, on the contrary, growing in all those countries by which that system is resisted. Such having been, and being now, the case, are you not, my dear sir, in your steady advocacy of Carolinian policy among ourselves, doing all that lies in your power toward undoing the work that was done by the men of '76?

Repeating once again my offer to place your answers to this and other questions within the reach of a million and a half of protectionist readers, I remain,

Yours, very respectfully,

HENRY C. CAREY.

W. C. BRYANT, ESQ.

PHILADELPHIA, *March* 21, 1860.

THE WAY TO OUTDO ENGLAND WITHOUT FIGHTING HER.

LETTERS

TO THE

Hon. SCHUYLER COLFAX,

Speaker of the House of Representatives,

ON THE PAPER, THE IRON, THE FARMER'S, THE RAILROAD,
AND THE CURRENCY QUESTIONS.

BY

HENRY C. CAREY,

AUTHOR OF "PRINCIPLES OF SOCIAL SCIENCE," ETC. ETC.

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THE PAPER QUESTION

LETTER FIRST.

DEAR SIR :—

The gentlemen connected with the press, publishers of books and newspapers, have been for two years past, and are yet, engaged in the performance of an act that, as it seems to me, closely resembles suicide; and it is because of my desire to open their eyes to the fact that it really *is* suicidal in its tendencies, that I venture to trouble you with the perusal of this letter. Throughout by far the larger portion of my life I was one among them, and although many years have elapsed since I ceased to be connected with the business of publication, the feeling of interest in those concerned in it has remained wholly unimpaired. It is, therefore, as an old friend, late a co-laborer with themselves—a fellow-citizen having no interest in the question except in common with all who are around him—that to you, and through you to them, I propose to speak, hoping that they may be disposed to reflect carefully on the views that will be presented, and confidently believing that they may be satisfied that their recent course of proceeding, however injurious it may be to the makers of paper, tends to the production of results utterly destructive to themselves.

Most naturally they are anxious that paper shall be cheap, and that their business may be large and profitable. So am I, well knowing, as I do, that it is to the universal development of intellect among our people that we now stand indebted for the fact that this Union has been maintained; and, that if we are to prosper in the future it is in the direction of a further and more complete development of the national mind that prosperity must be sought. To that end, books and newspapers must be placed within the reach of all, old and young, poor and rich, black and white.

Thus fully agreeing with them in the result at which we should desire to arrive, I propose now to ask both you and them to look with me to the measures by which it may be attained. To that end, allow me now to ask the question—What are the circumstances under which commodities of all kinds tend to become cheaper? Is it not when and where there is *competition for their sale?* What, on the contrary, are those in which they tend to become dearer? Is it not when and where there is *competition for their purchase?* To these questions there can be but one reply, and that in the affirmative.

What, now, I would ask, has been the tendency of the action of our publishing friends throughout the last two years? Has it tended to promote the building of mills and the increase of competition for the sale of paper? As it seems to me, it has not. On the contrary, as I propose to show, it has been in a direction exactly the reverse of this. If so, are not, then, they themselves the authors of the grievances of which they now so much complain? That they are, I firmly believe, and equally firm is my belief that they may be satisfied that such has been the case. Should they be so, then may we once again see harmony established between two great interests, each of which is so directly interested in the prosperity of the other that it is, as I am very certain, entirely impossible to injure either one without at the same time inflicting serious injury on the other. Break down the cotton-spinners, and the weavers will soon cease to prosper. Break down the paper-makers, and the printers will soon see their hands deprived of employment, and their offices closed.

By the free-trade tariff of 1846, that tariff to which we are mainly indebted for all our present troubles, the duty on paper was fixed at 30 per cent. By the *ultra* free-trade tariff of 1857 it was reduced to 24 per cent.; but as the duties on all the raw materials of the manufacture—soda ash, bleaching powders, rosin, felting, wire-cloths, &c. &c.—were correspondingly reduced, the change was really unimportant.

By the Act of 1861 paper was restored to the place assigned to it by the free-traders of 1846, being subjected to a duty of 30 per cent. The duties on raw materials were, however, largely increased, and in some cases more than trebled. Alum was carried up from 15 to 50 cents per 100 pounds, while bleaching powders were raised from 4 cents to 30, and soda ash from 4 to 50. Such having been

the case, it may be regarded as certain that this most important manufacture had not been allowed to profit in even the slightest degree of the adoption by the Chicago Convention of *Protection to Domestic Industry* as a part of the platform of principles upon which the party was to stand for all the future. Of all the various industries of the country, it was, as I believe, the only one that was thus excluded, and yet, in all my intercourse since that date with gentlemen interested therein, I have never heard the exclusion made the subject of complaint. It was wrong, nevertheless.

At the date of the passage of that act the country had for several months been so greatly agitated by the secession movement that trade of all kinds was nearly at a stand. Competition for the purchase of paper had no existence; but the competition for its sale had so greatly grown that the market price was below its actual cost, while every foreign product used in the manufacture came to the manufacturer burthened with the increase of duty to which I have referred. This state of things continued throughout the whole of the year 1861, and the change was afterwards but very slight until towards the close of the summer of 1862. As a consequence of this long-continued pressure upon their resources many paper-makers became bankrupt, while throughout the country mills were everywhere idle and unproductive.

Such was the state of things when, on the first of July, 1862, Congress passed a law imposing a tax of 3 per cent. upon all the paper made in the country, and a further tax of 3 per cent. upon the incomes of all concerned in the making of it. A fortnight later, with a view to retaining for the domestic manufacturer the place, in reference to the foreign one, he previously had occupied, the duties on imports were increased, and paper was raised from 30 to 35 per cent. Thus far, therefore, the paper-maker continued to be excluded from all share in the advantages derived by other branches of manufacture from the great change of public opinion that had been manifested by the most enthusiastic adoption of the protectionist plank of the Chicago Platform.

Shortly after this the commerce of the country began most rapidly to revive, and with that revival came a great increase in the demand for paper. Then, and not until then, the paper consuming world began to appreciate the effect on the supply of rags resulting from the closing of Southern ports against the export of cotton. Cotton goods were scarce and dear, and all were endeavoring to avoid their

purchase. The old shirt continued to be used when, under other circumstances, it would have gone to the paper-mill. Cotton waste was no longer to be obtained. Linens, too, had greatly risen. The domestic supply of raw material was wholly insufficient for meeting the now rapidly increasing demand, and prices rose with a rapidity proportionate to the alarm excited among the paper-makers in reference to the power to keep their mills at work, and among the consumers in reference to obtaining at any price a full supply of paper. Abroad, and for the same reason, prices had advanced, and to the augmentation thus produced was here to be added the premium on the gold with which to pay for the rags that might be thence obtained. To all this was further to be added the premium on the gold required to pay for the alum, the bleaching powder, the felting, the wire-cloth, and other commodities needed in the manufacture. Coal, of which there is required, as I am assured, pound for pound of paper, and even more, had much increased in price, while labor also had much advanced.

As a consequence of all these things the price of paper went rapidly up, and to those manufacturers who had succeeded in stemming the tide in the past two years there opened up a prospect of obtaining profits that might perhaps indemnify them for the losses that had been sustained. *This was precisely the state of things that should have been desired by the paper consumers, being that which was needed for reopening mills that had been closed, for promoting the building of new ones, for utilizing new materials, and for thus stimulating all to increased competition for the sale of paper.* Instead of looking at it in this light, they at once raised a cry of monopoly which was persevered in throughout the whole of the ensuing session of Congress, until, just at its close, the duty on paper was, *most unfortunately for those who asked it*, reduced to 20 per cent. More unfortunate by far would they have been had they fully succeeded, as they had asked an entire repeal of the duty, the effect of which must have been that of closing nearly every printing paper-mill in the country, and placing them entirely at the mercy of European manufacturers. Had they then succeeded, they would this day be as clamorous for the re-establishment of protection as they now are for an extension of the free trade system.

The duty on printing paper had now been reduced to one-sixth less than that at which it had been fixed by the ultra free trade tariff of 1857. In the mean time raw materials of every kind had been

heavily taxed—paper itself had been taxed three per cent.—and the incomes of the unfortunate people who had thus been placed under the ban had been subjected to a tax of the same amount. Making allowance for all these things the real duty, to which they could at all look for protection, was not even one-half as great as it had been under that ultra free trade tariff to which we had been so largely indebted for the crisis of 1857 and for the ruin of so large a proportion of the most useful portion of our people.

Why, however, it may be asked, should *any* protection yet be needed? For an answer to this question I would beg, my dear sir, to refer you to the following passage from a Report made but a few years since to the British Parliament, every word of which is as fully applicable to the trades in paper, glass, cloth, and chemicals, as it is to that in iron:—

"The laboring classes generally, in the manufacturing districts of this country and especially in the iron and coal districts, are very little aware of the extent to which they are often indebted for their being employed at all to the immense *losses* which their employers voluntarily incur in bad times, in order *to destroy foreign competition, and to gain and keep possession of foreign markets.* Authentic instances are well known of employers having in such times carried on their works at a loss amounting in the aggregate to three or four hundred thousand pounds in the course of three or four years. If the efforts of those who encourage the combinations to restrict the amount of labor and to produce strikes were to be successful for any length of time, the great accumulations of capital could no longer be made *which enable a few of the most wealthy capitalists to overwhelm all foreign competition in times of great depression,* and thus to clear the way for the *whole trade* to step in when prices revive, and to carry on a great business before *foreign* capital can again accumulate to such an extent as to be able to establish a competition in prices with any chance of success. *The large capitals of this country are the great instruments of warfare against the competing capital of foreign countries,* and are *the most essential* instruments now remaining by which our manufacturing supremacy can be maintained; the other elements—cheap labor, abundance of raw material, means of communication, and skilled labor—being rapidly in process of being equalized."

The "great capitalists" here referred to are steadily creating monopolies for themselves in Great Britain herself as well as in foreign countries. When they supply foreign markets at less than cost they do the same at home, and thus ruin the small capitalists

around them. Therefore is it that the iron manufacture and the ownership of mines are becoming from year to year more and more concentrated in the hands of a few wealthy men, who hold quarterly meetings at which they decide how much coal shall be mined, how much iron is to be made, and at what prices the two may be sold. It is in the hands of just such men, immediate neighbors of those above described, that the consumers of paper are now laboring to place the control of the supply of the commodity they so much need. Whether or not it is in that direction they are to look for that increase in the competition for its sale without which there can be no reduction of prices, I leave it to you and them to judge.

Notwithstanding the reduction of duty that had taken place, some few mills, as I am informed, were built in 1863. Others that had been closed were once again opened, and had the paper consumers been willing to let the matter rest where it had been placed by the act of March of that year, it is quite certain that the number of new ones would by this time have been so largely increased as to set at rest for all future time the question of supply. Had they so acquiesced, the competition at the present moment would, as I am well satisfied, be for the *sale*, and not for the *purchase* of paper. The tendency of prices would have then been downwards.

That, however, they did not do. On the contrary, agitation for the total repeal of the duty was kept steadily up, with no effect so far as regarded the action of Congress, but with, *to themselves*, the most injurious effect upon the public mind. Up to that time there had still existed a strong belief that the necessity for revenue, and the growing conviction that it had been to protection we had been indebted for the power to pass through the great crisis of the rebellion, must suffice for making permanent the system that had been so well established. Now, however, it came to be seen that there was really no security, and that any one who should build a paper-mill would do it with the sword of Damocles always suspended over his head, and ever ready to fall. How this has probably affected the minds of hundreds of persons may be judged from a fact that is of my own knowledge. A year since, one of my friends, a man of large means, was preparing to make a great addition to the paper-producing power of the country, but of this idea he was entirely cured by the action of the paper consumers during the late session of Congress, and his works remain unbuilt. What is true of him

cannot fail to have been equally so of very many others similarly situated. Capital has been abundant, but it has not gone in the direction of mills for making printing-paper, nor will it do so while the agitation shall be continued. Capitalists are timid people. They see that the paper consumers seem resolved upon killing the paper producers, and are not yet quite ready to bow their heads to the axe.

The agitation has now recommenced, and with redoubled force. It may be that our friends who are so anxious for cheap paper will this time succeed. If they shall do so, it is my prediction, and I pray you to note it, that, ere long, they will regret it far more bitterly than will the men whose mills will then have been closed, and who will then have been ruined. For a very brief period they may have paper cheaper from abroad; but as by degrees the weaker manufacturers are driven out of the business, the demand on Europe will steadily grow, and with that growth there will be an increase of the European prices that will make their paper cost them more than now, and *that* increase will be a permanent one. Those few among ourselves who can afford to stand aloof until the work of destruction shall have been accomplished will then step in and divide with the European manufacturers the profits of the market. Quarterly meetings will then probably be held, at which it will be decided what is the price at which the consumers of paper will be permitted to obtain the supplies they need, and the latter will then discover that they have exchanged the rule of the quiet king Log for that of the active and energetic Stork, so well described by our old friend Æsop. Few of them will now, probably, be disposed to believe this, but they will realize its absolute truth should they this time be so unfortunate as to succeed in the work in which they are engaged. Unhappily for them, the damage will then have become irremediable.

To those who may doubt the correctness of the views thus presented, I beg to recommend a consideration of the following facts:—

Rags can be more cheaply brought to England, France, and Belgium than to these United States:

Labor is there abundant and cheap, while here it is scarce and dear:

The field for the employment of labor throughout the South and

West is likely to enlarge with such rapidity as to cause that scarcity and that dearness to continue for a long period of time:

Iron is cheaper abroad, and machinery may there be obtained at greatly lower cost:

Felting, bleaching powders, alum, and all other of the commodities used in making paper, can be obtained free of the duty they must pay on entering here:

Coal is cheaper, and steam is less costly:

Interest is there little more than half of what is paid by the American manufacturer; and—

There is there no excise duty of three per cent.

Such being a part only of the great differences between the two sides of the Atlantic, can any reasonable man, proprietor of a newspaper, doubt that the "great capitals" of Europe will at once be set to work *to crush out American competition for the sale of this great commodity*, an abundant and cheap supply of which is now more important than it has been at any period of our history? If any such there should prove to be, he would, as I think, only furnish new evidence of the perfect truth of the idea, that "whom the gods would destroy, they first make mad."

Were I owner of the *Tribune*, *Post*, or *Ledger*, and in that capacity invested with full power to act for our friends of the Associated Press, the change that is now asked for should not be made were the foreign manufacturers ready to pay into the treasury of that association, to be distributed *pro rata*, according to their interests, among the book and newspaper publishers of the country, *thirty millions of dollars*. Large as is this sum, I would reject it, and for the reason, that it would be no compensation for the damage to be done to the private interests of my associates, leaving wholly out of view those of the country at large.

In regard to these latter, I will only call your attention to the fact, that the day is close at hand when we shall have to provide literary food for sixty millions of people, and that if they are to be at all supplied it must be by means of measures that shall tend to enable small manufacturers to accumulate capital and enlarge their operations so as to increase the competition for the *sale* of paper; and not by means of a present agitation which alarms the great capitalist and prevents him from investing his means in this department of manufacture, to be followed by a British free-trade policy

that cannot fail to bring with it utter ruin to all the smaller capitalists already engaged in it.

Ten years since there was a similar agitation for the abolition of duties on railroad iron. It lasted several years, and, as I believe, until the revulsion of 1857 had taught us the *advantages* of the British free-trade system. During all that time no one could be found hardy enough to build either a mill or a furnace. After the revulsion there was great depression, as a consequence of which the consumption of iron in 1860 was scarcely, if at all, greater than it had been a dozen years before, and yet the population had increased more than forty per cent. But for that agitation, we should to-day be producing *thrice* the quantity of iron that is now being consumed; we should be exporting instead of importing it; the demand for gold would be less; and our people would be saving annually on their purchases of that one commodity fifteen or twenty millions of dollars. Just so will it be with our publishing friends. Their agitation of the past three years has already thrown us back at least one year. Let them now succeed, and they will throw themselves back twenty years, for then no one can ever again have the smallest confidence in any change of system that may be made.

If paper-making is really very profitable, let them build mills and thus promote competition for the supply of the market. In this way they will serve themselves and their country too. The introduction of new materials to take the place of the now deficient cotton demands large investments of capital, but will in the end greatly lessen the cost of paper. Let *them* supply that capital. Pending the existing agitation others will certainly not do so.

Having thus shown what, as I think, they owe to themselves, I propose in another letter to show what are the privileges they enjoy, and what are the duties they owe to the community of which they are a part. In the mean time, allow me, my dear sir, to ask you to reflect for a moment on the moral of another well-known fable of Æsop, entitled "The Wind and the Sun." The more the former raged the more the traveller clung to his cloak, and the more closely he wrapped it around his limbs. Seeing this, Mr. Wind abandoned the effort, and made way for Mr. Sun, under the powerful influence of whose beams the cloak was quickly laid aside. Our friends have played the part of Wind for two years past, and with no other effect than that of raising the price of paper. Let them now take that of Sun—let them declare for a *permanent* peace—and

there will be more mills built in the next twelve months than have been built in the past three years, or will be so in the next half century if the war is to be maintained.

Begging you now to excuse this trespass on your attention, and hoping that you may find in what I have written evidence of my sincere anxiety for the prosperity of the great publishing interests, I remain, my dear sir, with great regard and respect,

Yours, faithfully,

HENRY C. CAREY.

Hon. SCHUYLER COLFAX.

PHILADELPHIA, Dec. 24, 1864.

THE PAPER QUESTION.

LETTER SECOND.

DEAR SIR:—

Hitherto, agitation in reference to the proposed repeal of the paper duty has been carried on through the public prints. Now, however, the course of operation seems to be entirely different, not an editorial line in reference to it having yet met my eyes, with the single exception of a brief article from the *Evening Post*, here given for the reason that always in the past it has been, and now is, my wish that our people should have the opportunity afforded them of seeing all that could be said on both sides of the great question of bringing the consumer to the side of the producer, and thus relieving the farmer from the oppressive tax of transportation to which he has so long been subjected. Had the *Post*, and its free trade brethren, followed the example, we might have been saved much of the loss and trouble of the past four years. The article referred to is as follows:—

THE PAPER DUTY.—"The duty on printing paper was, we suppose, intended by those who laid it to produce revenue to the treasury. Its only effect, however, is to put money into the pockets of the American manufacturers. The duty is twenty per cent., *ad valorem;* this is payable in gold, and it has made importation impossible. It does this in the following way:—

"The manufacturers of printing paper here set their prices so as to leave no margin of certain profit to the importer who must pay a duty of twenty per cent., in gold, at the same time their profits enable them, if necessary, to undersell and drive out of the market with loss any one who should attempt to import.

"Printing paper sold for from nine to ten cents per pound before the war. It is sold for eight cents per pound in Europe at this time. But in this country publishers are forced to pay for newspaper from twenty-four to thirty cents. Take off the duty and it can be imported for from seventeen to eighteen cents per pound, currency; and at that price American manufacturers can still make and sell at a fair profit.

"A duty which yields no revenue is an absurdity. The present twenty per cent. duty upon paper is prohibitory, its only use is to take money out of the pockets of the public and put it into the pockets of a few already wealthy manufacturers. Even the government pays tribute, under present arrangements, to these capitalists for the immense quantity of paper it uses. The present Congress ought to remedy this wrong by repealing the duty on paper."

That what is here given as fact in regard to the cost of paper, and the profits of paper-making, is wholly incorrect might readily be shown, but I have no desire to annoy you with the examination of little figures. It is greatly to the interest of the publishers of both books and newspapers that the makers of paper should be so well paid as to enable those who are in the business to extend their works, while stimulating outside capitalists to employ their means in erecting new ones; and if I could be assured that all were really as herein stated, I should most heartily rejoice at it in the interest of the paper consumers. Let it be clearly shown that paper-mills can be securely relied upon to yield ten, twelve, or fifteen per cent. per annum, and we shall see more new ones commenced in the next twelve months than have been started in the last decade. Let the work of agitation be continued and there will not be even a single one; and that, too, even if it prove, session after session for the next ten years, to be wholly fruitless. The capitalist *will* not, with his eyes now fully opened, engage in a war with the Press. If, then, the monopoly here complained of be continued, our publishing friends will have only themselves to thank for it.

It is complained that the duty is prohibitory, and yet, making allowances for taxes imposed since 1860, the protection afforded is less than ten per cent. If, at such a moderate rate, the foreign traders of New York, admirable as they have always been in the manufacture of false invoices, cannot import paper, there can exist no shadow even of cause for complaint. As it seems to me the *Post* has proved rather too much.

What, however, are the privileges now enjoyed by that and other journals? Do *they* at all savor of prohibition? Let us inquire.

Five years since there were two branches of industry that were protected by means of absolute prohibition of foreign interference, the production of negro slaves, and that of newspapers. The Virginia planter, anxious as he might be for free trade in iron, could manufacture his corn into chattels for which he could obtain eight,

or even ten times the price at which similar machines could be imported from abroad. Why was this? Because Congress had prohibited foreign competition, and thus preserved to him the control of the domestic market. That branch of manufacture having, however, been since abolished, there now remains but a single one that profits by prohibition, and must, in all future times, continue so to do—that one being the newspaper.

The *Post*, the *Tribune*, the *Ledger*, the *North American*, the *Transcript*, and the *Daily Advertiser*, cannot be produced abroad. Come what may—let us have war or peace, prosperity or adversity, free trade or protection—they must still be manufactured in New York, Philadelphia, and Boston. The control of the domestic market is thus secured to the domestic manufacturer, and by a law that can never be repealed; and *therefore is it that the consumer is supplied with information at less cost than in any country of the world.* So will it be with paper whenever the consumers shall have arrived at the conclusion that the law which has proved in their own cases so very true cannot fail to prove equally so in regard to the commodities in whose cheap production they are so deeply interested.

Not only have the proprietors of these and other journals a monopoly of the general market of the country, as against foreigners, but they have, each and all, their shares in a monopoly that is not to be interfered with even by the domestic capitalist. To start a new paper in New York, and to continue it long enough to secure the circulation without which advertising cannot be obtained, is a work that certainly cannot to-day be accomplished at a cost of $250,000. It might cost much more than this, and even then it might prove a failure. So clearly is this understood that the proprietors of existing journals now laugh to scorn the idea of danger from future interference.

Perfectly secure, then, against both foreign and domestic competition, those gentlemen are enabled to throw upon the public all of the burthen of which they now so much complain, the former one cent paper being now sold for two, and the two cent one for four—the difference being nearly the whole cost of the paper that is used. A pound will give 18 sheets for the first and 10 or 12 for the second, and thus the *additional* charge is little less than twenty cents per pound. In many cases it exceeds 25 cents per pound. Such

paper may now, as I am informed, readily be bought for from 20 to 23 cents.

Turning next to advertising, we find New York journalists profiting of their absolute monopoly by charging nearly as much for the insertion of a single line as formerly would have been charged for that of a whole square. Forty cents per line is, as I am told, the present charge of the *Herald*. In several of the weekly papers it is from $1 to $1.50 per line. Surely the persons who make such charges have little reason to complain of the present trivial duty upon the one great commodity they so much need.

Secured thus, now and forever, in the enjoyment of one of the greatest monopolies of the world, the selling price of interests in these journals is wonderfully great. Shares in several of them can be sold, as I understand, at the rate of from three to five hundred thousand dollars for the whole, the purchaser paying in addition as much as may be considered the fair value of an equivalent share of the machinery in use. Elsewhere larger sums would, as I understand, be demanded, and when we should reach the highest figure it would probably prove to be little short of $800,000.

Let this now be compared with the value of the property that is devoted to the production of printing paper, and then determine which of the parties to this suit it is that has most reason for complaint. There is not, as I am assured, and as I believe, a printing paper-mill in any of the Atlantic States that would sell for more than the actual cost of the buildings and machinery, while some, and even the best of them, may be had this day at much less than the actual cost. If the profits of such concerns are really as large as they are described by the *Post* to be, why do not the complainants purchase them and manufacture on their own account? For the simple reason that the making of printing paper, on an average of the last half century, has been one of the worst paid pursuits in which a man could be engaged. It would be difficult, as I believe, to find any one requiring as much intelligence and as much capital in which so few have acquired fortunes.

On some recent occasion I have seen a statement of the wonderful growth in prosperity of the *Post* itself, and unless I am greatly in error in regard to the figures therein given, the mere good-will of that paper, which has cost no man even a single shilling, would sell for more than all the buildings and machinery of the largest printing paper mill in the Union.

While presenting these facts I beg not to be regarded as at all complaining of the prosperity of journalists. The more they prosper the more shall I rejoice, but not the less shall I object to their complaining of a miserable little item of *protection*, while they are becoming rich by help of AN ABSOLUTE PROHIBITION established by nature herself, and not in any manner dependent on the caprices of Congress. The eagle suffers little birds to sing, and they, as I think, may well afford to permit the poor paper-makers to live and educate their children, even if they be not allowed to leave behind them any fortune.

What is true of journalists is almost equally so in regard to the publishers of books. In former times Worcester, Albany, Poughkeepsie, Baltimore, Washington, and Richmond, competed with Boston, New York, and Philadelphia, in this department of manufacture. Within these latter, too, there was a competition that made it very dangerous to fix a book at too high a price. Gradually, machinery took the place of the human hand, and with every such improvement the business of publication more and more centered itself in the three great cities, the reading public profiting, by means of cheap books, of all the changes that were made. The business grew, and with that growth came a division of employments; the various departments of literature obtaining each their special representatives. With every step in this direction there came a diminution of competition accompanied by a rise of price, the result now exhibiting itself in this fact, that books are rapidly attaining the enormous English prices. At no time, as I am informed, and as I believe, have profits been so large. If this is so, as it probably is, surely the men who make them may permit their slaves to live. They *must* do so if they would continue to live themselves. Close the American paper mills, and most of them *will* be closed if Congress shall sanction the commission of the suicidal act that is now proposed, and we shall not long continue to hear of 15, 20, 50, and even as high as 100,000 dollars a year as the profit realized by the publishers of a single magazine or a single newspaper.

The word *slave* has been used above, and most advisedly. Our people are divided into two great classes, those who can, and those who cannot, maintain direct commerce with the consumers of their products. The first constitute the privileged class vested with power to control at their discretion the movements of the second, these last "living, moving, and having their being" at the plea-

sure of their masters. The owner of the railroad fixes for himself the terms on which he will permit the coal producer, or the traveller, to use his road; and he adheres to his contract just so long as it suits him, and not an hour longer. He interprets the words of his charter to suit himself, well knowing that he is in the full enjoyment of a monopoly, and that he can set at defiance all efforts at resistance. It is through him, and him alone, that the railroad iron manufacturer draws his support from the public at large. He, therefore, may meet his fellow managers for the purpose of determining in secret conclave exactly to what extent it may be safe to grind the poor producers of wheat, cotton, coal, and iron; but let the iron producers hold a meeting and at once a cry is raised of combination to keep up prices and thus to rob the public, the aid of Congress being then at once invoked for the punishment of men who manifest such determination "to grind the faces of the poor."

The book publisher deals directly with the public, and he arranges his prices to suit himself. Through him it is that the printer and the binder deal with the world at large. As a necessary consequence of this, the middleman builds a palace in which to transact his business, and another in which to live; while the poor printer, or the yet poorer binder, is forced to rejoice in the fact that he yet obtains the means with which to educate his children and to clothe himself.

The maker of writing paper deals, if he pleases, directly with the outside world. He may open a shop when and where it suits him, as a consequence of which the stationer respects his rights. He, therefore, has been permitted to retain all the protection granted to him by the tariffs of '61 and '62.

Widely different is the condition of the maker of printing paper, for to enable him to maintain commerce with the world, he must have the aid of the publishers of books and newspapers. They are, therefore, his masters. If he and his fellow-slaves meet together to talk of their general interests, there is charge of "combination." The book is doubled in price, its publisher thus forcing the consumer to pay all his taxes, with the usual profits thereon to himself, he himself, meanwhile, denying the right of the paper-makers even to consult together on the propriety of adding to their prices the simple amount of their contributions for the support of Government.

The publisher of newspapers, secure in the enjoyment of his

monopoly, cares nothing about tariffs. The world may complain as it likes when he doubles, trebles, or even quadruples the charge for advertising, he well knowing that, like the collector of railroad tolls, or steamboat fares, he has but to ring his bell to have them all "step up to the captain's office and settle." Of all the privileged classes of the country he is the man who is most secure. If his hands turn out he calls on the public for aid in his contests with them, and forthwith, as has recently been seen in Boston, men of all classes come to his assistance. If, however, the poor paper-maker be found seeking to obtain some small compensation for a year or two of loss, he flies to Congress, talks of "combination prices," and insists that, while he himself enjoys entire and absolute protection in the domestic market, his unhappy dependent shall be at once deprived of the little that has yet been left. Fully secured in the enjoyment of his privileges, he rejoices when the world is told that the value of the mere good-will of his establishment counts by hundreds of thousands of dollars, while denouncing as a monopolist the poor serf who furnishes him with paper, and who would gladly sell to him at cost, the mill in which it is accustomed to be made. He is, however, quite too wise to purchase.

A story is told of an old *contraband* that may be worth repeating here, as it tolerably well illustrates the positions of the parties. Corn being scarce while he had a large litter of pigs to feed, he was heard calling on Heaven to send the time when corn should be at a shilling a bushel and pork at two shillings a pound. The governing class having now put up their own pork to two shillings, are most anxious to reduce the price of their neighbor's corn. The road, however, in which they are travelling leads in another direction, as they will be sure to find if they shall continue on it until they reach its end.

Throughout the whole range of this highly privileged order of beings there is none that has more steadily than the *Post* talked of freedom; none that has more persistently cracked the whip over the dependent class to which I have referred, producers of fuel, machinery, and paper—hewers of its wood and drawers of its water—the men without whose services it could not live itself for even another hour. That such should continue to be the case now that the Government has become dependent for its existence on the internal revenue is greatly to be regretted, and I cannot but hope that at no distant time the editors of this journal may come to see

that it is in efficient protection we are to find the true and only road towards freedom of trade and freedom for man.

Before closing this letter allow me to ask your attention to the following paragraph telegraphed last week, by the Associated Press as I suppose, to numerous Northern journals :—

"Cost of Paper.—The Superintendent of Public Printing reports to the Ways and Means Committee a deficit of five hundred thousand dollars in the appropriation for the purchase of paper. When the last appropriation was made, the contract price for book paper was eighteen cents a pound. Mr. Defrees's estimate was upon that basis. Congress subsequently imposed a heavy tariff on paper. Paper-makers rushed into a combination and raised the price of paper to the amount of the duty. The Government is now paying from thirty-one to thirty-seven cents per pound for what previously cost eighteen to twenty-one cents. The Treasury is receiving no revenue from paper, because none is imported, the duty being prohibitory."

Allow me now, my dear sir, to ask you to answer to yourself if the manufacture of statements such as these does not furnish evidence of conscious weakness on the part of those by whom they have been written. The man who made this paragraph well knew that the rise of which he spoke had been mainly due to the fact that a severe drought had, during several months, diminished by one-half the producing power of a large portion of the Northern paper-mills, but of this he has said not even a single word. He knew, too, that so far from Congress having "imposed a heavy tariff on paper," the last Acts of that body relating to this branch of manufacture had been the increase of taxes on domestic products, and the reduction, by nearly one-half, of the duties on foreign ones. The article is throughout utterly inaccurate, yet is it given to the world in the columns of journals edited and published by gentlemen who would feel themselves much aggrieved were we, in regard to private matters, to question their character for strict veracity. It is, however, but a repetition of the story of *The Wolf and the Lamb*, so well presented to us by our old friend Æsop. Determined to crush out his poor slave the master holds him responsible for all the accidents that have, in the last few months, diminished the supply, while adding to his own charge as much as covers *nearly the whole cost of the paper that is used.*

In presenting these views of a great question *that has now, as I think, to be definitively settled,* I am animated by no feeling of un-

kindness towards any of the interests to which reference has been made. What I do desire is to awaken all to a clear conception of their mutual dependence. When that conception shall have been fully reached, but not till then, a settlement of all the difficulties may be made on terms that should be satisfactory to all, and certainly would be advantageous to both the people and the government. The proclamation of emancipation did much towards bringing about the entire extinction of negro slavery throughout the continent, but it was not until the 8th of November last that the people affixed to it the Great Seal of the Republic. The Chicago proclamation of *emancipation for the white slaves of the North by means of efficient protection* was but the preparation for that great measure. The Great Seal had yet to be affixed, and the time has now arrived for doing it.

What is the manner in which this vitally important result is to be attained I propose to show in another letter, first, however, noticing the suggestions of the *Post* in reference to the very important question of revenue.

Meanwhile, I pray you, my dear sir, to accept the assurance of the sincere regard and respect with which I remain,

Yours, faithfully,

HENRY C. CAREY.

Hon. Schuyler Colfax.

Philadelphia, Dec. 26, 1864.

THE PAPER QUESTION.

LETTER THIRD.

DEAR SIR:—

Among the characters personated by the elder Matthews, in his admirable monologues, was one of an old angler who was bitterly hostile to the introduction of steam navigation on the ground that steamers "frightened the fish." Nearly akin to this, in its philosophy, was the idea of Mr. Walker, suggested in one of his Reports, that protection was injurious to the nation, and for the reason, that as domestic competition grew, prices declined with correspondiug decrease of importation and of customs revenue. In his eyes the real saving of millions by the people was no sufficient offset to the apparent loss of thousands by the Federal Government. The loss had no real existence, the demand for sugar, tea, coffee, and a thousand other articles having always grown with a rapidity proportioned to that of the decline in the price of pins, needles, knives, and cotton. Following in the same direction the *Post*, participant in one of the most profitable monopolies of the world, assures its readers that "a duty which yields no revenue is an absurdity"—that it is "prohibitory"—that "it takes money out of the pockets of the public and puts it into the pockets of a few wealthy manufacturers," and that "Congress ought to remedy the wrong by repealing the duty on paper." Not a word, however, does it say about that natural prohibition which secures to its own proprietors the control of the domestic market for news, and gives to the mere *good-will* attached to its name a money value greater, probably, than that of any paper-mill in the Union, with all the land, the buildings, and the machinery of which it is composed.

Nominally, the duty on printing paper is 20 per cent.; really, it may perhaps be 15, but is more likely to be only 12½. Admitting, however, that the foreigner pays into the treasury 15 per cent., let us now compare that with what we know to be contributed for the

support of Government by the domestic manufacturer, and thus enable ourselves to judge of the expediency of moving in the direction indicated by the *Post*.

The latter pays, in direct tax, three per cent. of the market value of his products. This was paid, in the last fiscal year, upon more than $22,000,000, and the amount received by the treasury, from all descriptions of paper, was $663,447. All experience shows that taxes become more productive as assessors come more and more to understand their duties, and there is therefore good reason for supposing that the yield will, in the present fiscal year, be much increased. To this let us now add the tax on incomes, late three per cent., but now five, to be paid by "already wealthy manufacturers," who would gladly accept, at the hands of the certainly wealthy proprietors of the *Post*, cost for all their works. Next, add the taxes on all the steam, bricks, lumber, and iron required for the erection of buildings, or for keeping them in repair. Further, add the amount paid as duties on soda ash, bleaching powders, alum, felting, and other commodities used in the manufacture. Again, let us add the tax on coal, of which it requires, even where water-power is used, more than pound for pound of paper, and much more when steam-power is required. Putting all these now together we shall probably reach ten per cent., giving a sum exceeding two millions of dollars as the direct contribution of this single branch of manufacture towards the payment of our troops, and the discharge of interest on our debt. This large sum it is that the treasury is required to relinquish in order that the *Post* may, free of all such charges, buy its paper in Belgium, France, or England.

The sacrifice thus far demanded by our publishing friends would appear to be quite large, and yet it is but a portion of that which really is required. The number of persons employed in the paper manufacture is stated at not less than 50,000. Putting their wages at an average of only $5 a week, we have $13,000,000. Of this, in the form of taxes on tea, coffee, sugar, &c. &c., there goes into the treasury probably $1,000,000, and thus do we obtain a total of $3,000,000 that we must relinquish in order that the British and Belgium manufacturer may be enabled to expel from our mills this large and interesting portion of our population.

We may be told, however, that these poor people, if driven from the mills, will find other employment. What is likely to be the

nature of that employment may perhaps be inferred from the following extract from a circular issued by one of the charitable associations of New York, bearing date a year and a half previous to the occurrence of the great free-trade crisis of 1857 :—

"Up to the present, the Association has relieved 6,922 families, containing 26,896 persons, *many of whom are families of unemployed mechanics* and widows with dependent children, who cannot subsist without aid. As the season advances the destitution will increase. Last winter it was thrice as great in January as in December, and did not reach its height until the close of February."

It is in this state of things that immigration tends to die away, and here we find another of those sacrifices that we must make in order that our publishing friends may be enabled to buy their neighbor's corn cheap while selling their own pork at monopoly prices. What are the circumstances under which immigration grows, and what those under which it declines, I propose now to show, believing a full understanding of them to be essential to a proper understanding of the tendencies of the movements now in progress.

The first tariff really protective of the farmer in his efforts for drawing the consumer to his side, thereby relieving him from the oppressive tax of transportation, and from the slavery incident to a dependence on foreign markets, was enacted in the year 1828, and began, as we may reasonably suppose, to make itself in some degree effective in 1830. In the decade prior to this latter year the total immigration had amounted to 120,000, giving an annual average of but 12,000. Protection making demand for labor with large increase of wages, the effect soon exhibited itself in a larger import of persons who had that commodity to sell, and the immigration of 1830 amounted to 27,000. In the four following years it went steadily up until, in 1834, it had reached 65,000.

By the Compromise tariff of 1833 it was provided that protection should be gradually diminished until, in 1842, the country should be replaced under a free trade despotism more complete by far than that which had existed prior to 1828. As a consequence of this, factories and furnaces ceased to be built, and the whole energies of the country were given to the construction of roads and canals, by means of which its products were to be enabled to reach the distant market. Its credit stood very high, the few years of the protective policy that had just then closed having enabled the government, in 1835, to pay off the last remaining portion of the public debt.

Loans were therefore readily negotiated in Europe, and for a brief period there existed a glare of prosperity well calculated to deceive those who could not appreciate the great fact, that the raising of raw products for distant markets tended to exhaustion of the soil, and was the proper work of the barbarian and the slave, and of those alone.

Three years only of the free trade system were required for producing the crisis of 1837, to be followed by the crash of 1839, and the almost universal bankruptcy of 1841 and 1842. During all this period immigration was of the most fitful kind, rising as moneys were borrowed abroad and roads were commenced at home, and falling as bankruptcies grew in number and half finished roads were left to go to ruin; but its annual average, notwithstanding the large extension of internal communications, scarcely exceeded the figure it had so rapidly attained in 1834, having been only 67,500.

The two first years of the highly protective tariff of 1842, gave an average of 81,000. Thenceforward immigration grew steadily until, in 1847 and 1848, it reached an average of 234,000, having thus almost trebled in that brief period. The effects of the free trade tariff of 1846 were just then beginning to be felt. Mines thenceforward ceased to be opened, and mills and furnaces ceased to be built. Labor was everywhere in excess of the demand, and immigration must rapidly have declined had not the discovery of Californian gold opened up a new branch of industry, calculated to operate largely on the minds of the miners and laborers of the world at large.

The gold received at the United States Mint for coinage, in 1849, amounted to $9,000,000, or more than had been received from all the world in the six years from 1837–42. In 1850 it reached $32,000,000, and in the following year it rose to $62,000,000. Immigration grew therefore rapidly, giving for the four years succeeding 1850 the following figures:—

1851 . . .	408,000	1853 . . .	401,000
1852 . . .	397,000	1854 . . .	460,000

Up to that time gold washing had been very profitable, but thenceforward it became from year to year more clearly obvious that a continuance of the gold supply was to be obtained only by means tending to render the laborer a mere machine to be used by the capitalist. The demand for men for California was therefore at an

end, while that for the Atlantic States and the Mississippi Valley tended steadily to decline, because of the constantly growing excess in the supply of labor consequent upon the closing of mills, furnaces, factories, and machine shops. Hence it is that the succeeding years furnish us with the following diminished quantities:—

1855 . . .	230,000	1858	149,000
1856 . . .	224,000	1859	155,000
1857 . . .	271,000	1860	179,000

Small as are these figures, they would probably be diminished not less than 25 per cent. were we furnished with those that would be required for enabling us to ascertain the numbers of the disappointed who returned to Europe, or who left California to seek fortune in the more attractive gold deposits of Australia. At no period in the history of the country, as I believe, had the average rate of interest been so high as in the four years above referred to. At none had there been so great a tendency to decline in the reward of the laborer, and hence it was that immigration so rapidly declined.

The Southern rebellion having at length emancipated the North, protection was re-established by means of that Morrill tariff, so much denounced by the *Post;* that tariff to which we are indebted for the fact that all Europe is now so largely engaged in manufacturing machines of the most valuable kind, to be *presented* to us, in free gift, by those who make them. While compelling us to give gold for silks and cottons, the nations beyond the Atlantic are willing to give us men and women who can not only spin and weave, but who can make the machinery by means of which spinning and weaving may be done, and at the same time reproduce themselves. Of all foreign products, they are the most costly and most valuable, and they are to be obtained at the cheap price of the steady pursuit of a policy that will make a market close to the farmer's door, and thus treble the price of his land.

Under the Morrill tariff system, immigration in the last year, as shown in the records of the State Department, rose to 200,000, but to this must be added at least 50,000 who had been attracted from the British provinces, and of whom no record had been kept. In the present year there has been a large increase, and from both those sources; but we are not yet in possession of all the figures required for enabling us to give them with any approach to accuracy. Let us, however, go ahead with the protective system; let us mani-

fest a fixed determination to bring the consumer close to the producer's door; and the day will not then be far distant when the numbers of foreigners seeking to take their place among us will be as much in excess of those of present years as were those of 1847 in excess of 1842.

Protection looks to producing competition for the *purchase* of labor, and for that of the rude products of the farm, and therefore does it tend in the direction of freedom. British free trade seeks to produce competition for the *sale* of both, and therefore is it that, throughout the present war, it has shown itself the faithful ally of the men who teach that slavery is the natural condition of the laboring man, whether black or white.

The more numerous the mills and furnaces the greater is the competition for the *sale* of paper, cloth, and iron, the greater is the tendency towards reduction of their prices, the greater is the competition for the *purchase* of labor, and the larger, as has here been shown, is the number of persons who come here to aid, by the consumption of sugar, tea, coffee, paper, cloth, and other commodities, in the maintenance of that great domestic revenue to which the Government must in future look for payment of its annual expenses, and for the ultimate redemption of its bonds. Half a million of such persons coming here, and earning on an average but five dollars a week, would receive an aggregate of wages amounting to $130,000,000. Ten per cent. paid on this to the Government would be $13,000,000. The *Post* would shut them out, it being an "absurdity" to maintain on the statute book a law imposing a duty whose only effect was that of causing foreign workmen to come here and labor in our mills, eating our own food and wearing our own cloth, when men could be found abroad who *might, perhaps*, supply paper, iron, and cloth more cheaply, but certainly would apply their wages to the purchase of the food of Germany, France, or England, while contributing annually more than a tithe of their earnings to the support of foreign governments. The more such people came here, the smaller would be the tax of transportation paid by the farmer, the greater would be the value of his land, and the larger would be the amount of his contributions for the support of both the State and Federal Governments. How many *would* come under the system now advocated by the *Post?*

But a few years since that journal told its readers that "it would be better for all of them [the sewing women] in the long run, to

reduce wages to the famine point, so as to force all who had sufficient strength into other employments." Now, it would close the door to them in reference to that "other" one which makes demand for so much female labor, the manufacture of paper. Seeking some new "employment" they might, perhaps, find it in bleaching shops, where they would be required to compete, wholly unprotected, with British men, women, and children, who are, as shown in Parliament, obliged to work 16 to 20 hours per day, and under a temperature so high that not unfrequently "the nails in the floors become heated and blister the feet of those employed in the rooms, usually called *wasting shops*, because of the extraordinary cost of life of which they are the cause." How much could our people, subjected to competition with such as here described, contribute towards the hundreds of millions of internal revenue of which we now stand so much in need? Not very much, as I think.

It is time that those gentlemen should awaken to the fact that there is a harmony in all the real and permanent interests of the various portions of society—the paper maker and the publisher—the farmer and his customers—the people and their government. When they shall do so they will, as I think, arrive at a proper comprehension of the present "absurdity" of admitting foreign paper at a duty of less, probably, than a sixth of its real value, and the still greater one of freeing the foreign manufacturer from all contributions for the support of government, while taxing our own to the extent of probably ten per cent.

At the moment of writing this I find in one of our city journals a paragraph, copied from the *Post*, denouncing in regard to *matches* the precise policy it has itself so steadily advocated as that required to be pursued in reference to *paper*. It is as follows:—

"Those (matches) made in the country are taxed, by stamps, over two hundred per cent. on the cost of manufacture. But at the same session a tariff act has been passed imposing a duty, quite nominal in comparison, on foreign matches. Now, Mr. Stevens's act expressly provides, that (section 169) when any imported articles requiring stamps shall be sold 'in the original and unbroken packages' in which they were packed by the manufacturer, no penalty whatever shall be incurred by selling them without stamps! Of course, manufacturers in Canada and Europe have only to pack their goods in one or a few boxes, for family use, and they save the tax. Match factories were at once removed into Canada, and fortunes have been made in five months' recess of Congress by simply

adopting the means which our law took pains to provide for defeating its own objects and ruining our own manufacturers."

If it is wrong to "ruin our own manufacturers" by taxing their matches while admitting those of Canada duty free, can it be right to tax home-made paper while admitting free that furnished by the great capitalists of Europe? It seems to me that it cannot, but I shall be glad to hear the argument of the *Post* in its defence. There will, as I think, be more consistency in the movements of that journal when it shall have arrived at the conclusion that protection is the true and only road towards perfect freedom of trade.

In my next I propose to show what are, as they appear to me, the duties of all of us who desire to see the Government sustained not only throughout the war, but after peace shall again have visited our land, meanwhile remaining, my dear sir,

Most respectfully yours,

HENRY C. CAREY.

Hon. SCHUYLER COLFAX.

PHILADELPHIA, December 29, 1864.

THE PAPER QUESTION.

LETTER FOURTH.

DEAR SIR:—

A few months since a bank of the New York Canal was swept away for an extent of many miles, as a consequence of which navigation upon that work was suspended, as I think, during several weeks. The disaster was at the time attributed to the operations of an active and industrious rat who had burrowed into the canal, thus making way for a column of water to pass in the direction from which he had come. At first very small, it rapidly increased in size and force, and finally produced the disaster to which I have referred.

Precisely such an operation as this it is that is now going on in reference to the question of protection to the farmer in his efforts for drawing the consumer to his side, and thus relieving him from the present terrific tax of transportation. The first rat-hole was made in March, '63, when the paper-makers, after having been subjected to an infinity of taxes, were deprived of all the protection, little as it was, that had been granted to them by the tariff of '61. The second was made at the last session of Congress, when the taxes on home-made iron were almost doubled, while the duty on railroad iron was largely diminished. The hole made in '63 is now to be widened by means of the total repeal of the duty on paper. That accomplished, the opponents of the Government will find themselves emboldened to new efforts, and day by day we shall see the rat-holes increase in number and in size, until at length the whole work will be swept away, and with it all chance of any permanent maintenance of the Union, or of any future payment of its debts.

The managers of the great combination that is now engaged in the performance of a work regarded by the British people as so

essential to their future greatness—the making of the rat-holes to which I have referred—are to be found among the men who have furnished the ships and men by which the blockade of Southern ports has been evaded; those who have fitted out the pirate ships by means of which the flag of the Union has been almost entirely driven from the ocean; those who have, in and out of Parliament, systematically endeavored to destroy the credit of our Government while vilifying our people; and those who see in the continued maintenance of the Union the writing on the wall which warns them that the day is close at hand when the people of Europe will demand for themselves that exercise of the privilege of self-government of which they have been so long deprived. They themselves, as well as their mode of operation, are so well described in the passage from a recent Parliamentary Report already cited, that I cannot refrain from reproducing it on this occasion, believing, as I do, that it should be read day by day, night by night, month by month, and year by year, until all our people, male and female, young and old, had become thoroughly penetrated with the conviction, that the British proceedings of the past four years had been in perfect harmony with all those of the previous half century, and that if they would not be made mere "hewers of wood and drawers of water" for British capitalists, they must learn to combine among themselves for the adoption of measures of resistance. It is as follows:—

"The laboring classes generally, in the manufacturing districts of this country, and especially in the iron and coal districts, are very little aware of the extent to which they are often indebted for their being employed at all to the immense *losses* which their employers voluntarily incur in bad times in order *to destroy foreign competition, and to gain and keep possession of foreign markets.* Authentic instances are well known of employers having in such times carried on their works at a loss amounting in the aggregate to three or four hundred thousand pounds in the course of three or four years. If the efforts of those who encourage the combinations to restrict the amount of labor and to produce strikes were to be successful for any length of time, the great accumulations of capital could no longer be made *which enable a few of the most wealthy capitalists to overwhelm all foreign competition in times of great depression,* and thus to clear the way for the *whole trade* to step in when prices revive, and to carry on a great business before *foreign* capital can again accumulate to such an extent as to be able to establish a competition in prices with any chance of success. *The large capitals of this country are the great instruments of warfare against the*

competing capital of foreign countries, and are *the most essential* instruments now remaining by which our manufacturing supremacy can be maintained; the other elements—cheap labor, abundance of raw material, means of communication, and skilled labor—being rapidly in process of being equalized."

Two centuries since, England sent her wool and her corn to the people of the countries on the Rhine, and took her pay for them in cloth and iron. To her it was a most unprofitable trade. To the Germans it was a most profitable one; so profitable that all Germany wondered at the stolidity of a people who could tolerate its continuance. "The stupid Englishman," as then was said, "sells the skin of a rabbit for a sixpence, and buys back the tail for a shilling." That, my dear sir, is precisely what we have so long been doing—selling cotton at three pence a pound, and buying it back at a shilling an ounce; and giving a bushel of corn for half a dozen pence, the pence themselves to be paid in the form of ounces of corn combined with pennyweights of the three-penny cotton. That sort of taxation it is that "the great capitalists" of England —the men to whom we are indebted for the prolongation of the war, for the expenditure of hundreds of millions of treasure, and the destruction of hundreds of thousands of lives—are determined shall be maintained in all the future.

What are the measures by the aid of which it is that they propose to compel us to its maintenance? To obtain an answer to this question, it is needed that we study a little of the history of the past. British free trade had, in 1842, so far impoverished our people that they were wholly unable to contribute to the support of Government, as a consequence of which many of the States had been driven to repudiation, and the National Treasury had become utterly bankrupt. That state of things it was which gave us, in the passage of the Protective Tariff act of 1842, a new Declaration of Independence. Under it, in less than half a dozen years, there was produced a change such as, to that date, had had no parallel in the history of the world. In that brief period the consumption of coal, iron, and lead was trebled, while that of wool and cotton was doubled. Furnaces and mills were built, labor was everywhere in demand, immigration grew with great rapidity, the public revenue became larger than was needed for meeting all the wants of Government, repudiation passed away, and prosperity once more reigned throughout the land. That, however, not suiting the "great capi-

talists" above referred to, proprietors of British furnaces and British mills, large sums were raised in 1846, to be so used here as to bring about a change. That they *were* so used in the Senate of the United States, there is no reason for the smallest doubt. By their aid the free-trade tariff of 1846 was made the law of the land, and from the date of its enactment mills and furnaces ceased to be built until California came with its golden treasures to stimulate our people temporarily into action. That tariff lasted eleven years, its existence having been terminated by the still more free-trade tariff of 1857, whose passage proved to be the signal for the crisis of that year which swept away, by thousands, the makers of paper, of cloth, of iron, and of a great variety of commodities for which we became thereafter dependent upon the "great capitalists" of Britain.

In carrying on this British "warfare" against "the competing industry of other countries," the means used are very various, the object to be accomplished being, however, always that of carrying into full effect Lord Brougham's great idea of "destroying," at whatsoever loss, "foreign manufactures in the cradle." The commencement of any new branch of industry has proved to be, and that, I believe, invariably, the signal for an inundation of our markets by goods to be sold at any price until the danger of American competition should have been dispelled. A single case of this, the evidence of which is now before me, may here be mentioned. Ten years since, the price of rough plate glass being then $2 25 per foot, several factories were started, and with the fairest prospects of the most complete success. Forthwith vast quantities were sent here, and the price was reduced to 75 cents. As a necessary consequence our factories ceased to work, their owners were ruined, the "great capitalists," owners of millions, kept "possession of the foreign market," and prices returned again to the point at which it suited the millionaires to hold them. Cases of a similar kind might readily be produced in reference to numerous branches of manufacture.

The grand secret, however, that one which can at will be made available in reference to every branch, is that which manifests itself in the production of AGITATION. These men know well that capitalists are timid, and that past American experience is such as to warrant the extremest caution. When, then, at a commission of five per cent., they employed Messrs. Ashmun, Vinton & Co., during a period of several years, to agitate for the abolition of all

duty on railroad iron, they knew that their objects would be fully attained even without the aid of legislation. They knew full well that while that agitation should be continued no man would be so insane as to risk his fortune in a furnace or a rolling-mill. When, now, they use the publishers of books and newspapers for the production of agitation in regard to paper, they have in view that they thereby not only stop the building of paper-mills, but also excite in the minds of our people the strongest doubts in reference to the maintenance of protection in regard to cottons, woollens, and every other department of manufactures. As the battle-cry of Danton was found in the words, *de l'audace, de l'audace, et toujours de l'audace*, so is theirs found in those of agitation, agitation, and always and evermore agitation, for the accomplishment of the great purpose of crushing out all foreign competition for the purchase of the fruits of the earth, and thus compelling all the farmers and planters of the earth to sell their products in Great Britain, and there to make their purchases. To that unceasing agitation it is that we stand indebted for the waste of life and treasure that has been caused by the present great rebellion. To that it is that we are indebted for the fact, that we have been so long and so steadily engaged in selling to our British friends, those *friends* who have so consistently aided in the maintenance of the rebellion, rabbit *skins* for six pence apiece, and taking our pay in rabbit *tails* at a shilling.

If we are ever to do otherwise; if we are to pay the interest of our debt; if we are at any future time to provide for payment of the debt itself; if we are ever again to witness a resumption of specie payments; if we are to have any permanent maintenance of the Union; if we are ever to attain that position among the nations of the world to which our vast natural resources and the extraordinary development of mind among our people so well entitle us; if we are to do our duty to ourselves, to the world at large, and to the Great Being from whom we hold a power for the advancement of the whole human race that is great almost beyond conception; we must put a stop to this agitation. We must do that which will inspire in the minds of timid capitalists, both home and foreign, that confidence which will lead them to apply their means to the development of the wonderful wealth of fuel and of ores of every kind which now lies hidden beneath the soil of almost every State of this great Union. The more that this shall be done, the

greater will be the demand for labor; the stronger will be the tendency towards emigration from the shores of Europe; the greater will be the demand for the cotton of the South and the cotton goods of the East, for the fish of the Atlantic coast and the pork of the Mississippi valley; the more rapid will be the growth of that internal commerce so much required for binding together the different portions of the Union; and the more perfect will be the power of our people to furnish the contributions required for the maintenance of the Government to which they will then be indebted for the blessings that have here been named.

The amount required for the support of city, county, State, and Federal governments, and payment of interest on their various debts, cannot be estimated at less than $500,000,000. Of this perhaps $70,000,000 may be obtained at the Custom House. That amount can scarcely be very much exceeded, as it requires an import of little less than $200,000,000

To this add—

For payment of interest on our foreign debt, and dividends on stocks held abroad— . . . 30,000,000

For expenses of absentees, temporary or permanent— 40,000,000

And we obtain a total of $270,000,000

This is more than we shall be able to pay until cotton, rice, tobacco, and naval stores shall once again take their places in our list of exports. Until now, the earnings of our ships aided in paying for foreign merchandise, but now the balance is against us, and to such an extent as must make a considerable addition to the above amount.

To the Internal Revenue, therefore, must we look for little, if any, less than $450,000,000. To the enforcement of protection we must look for its enlargement, and thus it is that now, more than ever, we are to look to the tariff as the means of raising revenue. The more mills we build, the more mines we sink, the more water-powers we improve, the larger will be the value of land, and the larger will be the revenues of counties and of States. The greater the variety and extent of our manufactures the more numerous will be the exchanges, the greater will be the value of shops and warehouses, and the larger will be the revenues of towns and cities. The greater the quantity of commodities produced the larger will be the contributions of manufacturers towards the Federal revenue. The greater the demand for labor the higher will be wages, and the greater the

consumption of tea and coffee, rice and sugar, to the great advantage of that revenue. The larger the reward of labor the greater will be the immigration of laborers, to the great advantage of the owners of the land, and of the men by whom it is tilled. The nearer the market to the farmer the richer will he grow, and the greater will be his power to make, without inconvenience to himself, contributions for the support of the governments of the State and of the Union.

It is the reverse of all this, however, that is desired by the "wealthy capitalists" of Europe. *They* wish to separate the producer and the consumer, and thus to increase to the utmost the tax of transportation. *They* desire that mills and furnaces shall not be built. *They* would have our vast mineral wealth remain undeveloped. *They* would compel us to carry rags and corn to England, to be returned in the form of paper. *They* would have the price of labor kept down to the "famine price," and thus destroy the existing inducements to immigration. *They* would, if they could, drive the government into bankruptcy, and thus forever destroy all hope for any permanent maintenance of the Union.

To that end, they would give us just such agitation as is needed for alarming the great and little capitalists, and preventing the extension of manufactures of any and every kind. The instruments of whose services they avail themselves are—

I. Their own agents, the men in whose hands has now centred nearly the whole business of importation, and who generally succeed in passing their goods through the Custom House at far lower rates of duty than would be paid by our own citizens:

II. Consumers who allow themselves to be dazzled by the idea of obtaining, *for the moment*, goods at low prices, and do not see that low prices abroad are a consequence of that American competition for the sale of similar commodities, in the destruction of which they allow themselves to be engaged:

III. Politicians covetous of the spoils of office, and ready, Samson-like, to pull down the pillars of the temple, if by so doing they can secure the attainment of their ends.

In the hands of men like these—honest men who suffer themselves to be deceived, and dishonest men who desire to deceive others—it is, that "the wealthy capitalists" of England place "the great instruments of warfare against the competing capital of other countries," to be used in the West and the East, in the South and

the North, for the maintenance of that agitation which they see to be so much needed. So long as it is kept without the walls of Congress, it does but little harm. When, however, it reaches that body, and when it is thus made necessary for the makers of paper and cloth, iron and steel, to dance attendance, year after year, upon Congressional committees—seeing the sword always suspended over their heads by a single hair, and witnessing always how slight is the perception of many of their members of the importance of the questions to be decided, how trivial the arguments that are brought to bear upon their decisions—it becomes a great national grievance, demanding a remedy that shall likewise be national, and that shall interest the whole of the right-minded and honest people of the country in its application.

In no other country can such difficulties exist. Throughout Europe, and especially in England, the arrangement of revenue laws is the business of specially constituted bodies, with which the legislature readily concurs. With us it is wholly different, each particular portion of a bill having to be examined by men under the influence of local ideas of interest, themselves the result of foreign agitation, and conclusions being arrived at on one day of the discussion that are in direct hostility with those which had been adopted on the preceding one. As a consequence of this, the Executive is frequently compelled to affix his signature to bills of the highest importance, much of which he regards as wholly at war with the national interests. For this no Administration can provide a remedy, and this foreign agitation, with all its tendency towards destruction of confidence in the future, must be continued until the people themselves shall furnish one. From what portion of the people, however, can it come? The poor women now employed in paper-mills, and likely to see themselves sent abroad to seek "other employment" in cities in which the remedy for their distresses is, according to the *Post*, to be found in the reduction of wages to "the famine point," can do nothing towards it. The workmen employed about mills and furnaces that are likely to be closed are equally powerless. The farmers, seeing themselves about to be deprived of the market hitherto furnished by the mill or furnace, are helpless for resistance; while "the wealthy English capitalist," as we have seen, is all-powerful for assault. Whence, then, can resistance come? To what quarter may we look for quieting this unceasing agitation, and for restoring confidence? *To the men through whom the war upon*

our people is made. They, and they alone, have power that, if properly directed, will enable the Government to put down agitation, and to establish and maintain such a revenue system as is now so much required.

The daily production of paper is equal to the consumption, and nothing more. The withdrawal of the producers from the market would have the effect of teaching consumers to respect their neighbors' rights. Would such withdrawal be justified? Not only so, but it would be difficult, in my opinion, to justify the former if they failed to address the latter in something like the following terms:—

"*Gentlemen:* Nearly four years have now elapsed since the abdication of Southern Senators and Representatives gave once more to the people of the North the power to assert their rights. Among the earliest measures consequent upon that abdication was a reduction into law of the great idea of the approximation of consumer and producer, so enthusiastically adopted by the Convention which made the Chicago Platform. On that occasion the paper producer was restored to the position he had occupied under the British free-trade tariff of 1846, and nothing more. Shortly after, the closing of Southern ports so far cut off the supply of paper material as to make it doubtful if the needed supply of paper itself could at all be furnished. Since then, our best efforts have been given to the utilizing of other materials, and much, if not even all, of our profits has gone in that direction. So untiring have been our exertions, and so successful have they been, that now, notwithstanding a rise of wages that is wholly without a parallel—notwithstanding a duplication, even where not a triplication, of the cost of every article we use—and notwithstanding the imposition of taxes, direct and indirect, but little short of the duty on the foreign product—we are still enabled to supply you at such prices as wholly forbid the importation of paper from abroad.

"While doing this, we have given support to 50,000 people who might otherwise have been unemployed. We have paid such wages as have enabled them to contribute largely to the support of Government. We have made a market for many millions of dollars' worth of rags, coal, iron, and other commodities, the producers of which have also made large contributions in the same direction. By furnishing a market for labor, we have contributed our full share towards making the country attractive to the millions of Europeans

who desire a change of homes; and have in this manner aided in bringing many hundreds of thousands of foreigners to consume the produce of our fields, while engaged in opening mines, building houses, or clearing and making farms for their children and themselves to cultivate.

"Feeling that we have done our duty, both to you and the Government, we regret now to have to say, that the treatment we have received at your hands has scarcely been worthy of your general reputation as men of business, and as Americans. Prompted by 'the wealthy capitalists' of Europe, you have been engaged in an agitation for the destruction of a manufacture that gives large support to the Government, and have thus caused heavy loss to us, while involving in utter ruin some of the largest and most respectable of the producers of the commodity you so much need. You have thus made of yourselves allies of the men who have furnished the means, the money, and the ships that have driven American commerce from the ocean. Like them, you are making war on the public revenue of the country, and should it prove that agitation had in our case been followed by success, further agitation in reference to other branches of industry must be looked for, each in succession resulting in greater loss of revenue, until at length the Government must become bankrupt, and the Union must present to the world a scene of utter chaos, farmers, manufacturers, and traders becoming involved in one common ruin.

"Your power to make this war on the general industry of the country is wholly derived from us. Without our aid it cannot longer be prosecuted. Such being the case, we should deem ourselves guilty of positive crime were we to grant you further aid. So believing, we desire now to notify you, that at the close of a month from this date our mills will stop, and you will then be entirely at liberty to obtain, discharged of any duty, and at a cost to the public revenue of many millions annually, the cheap paper you so much desire.

"Should you think it desirable to engage in the manufacture of an article that is to pay ten or twelve per cent. to the Government if made at home, while coming from abroad free of all such charge, we shall be ready to sell to you our mills, and think you can be assured that they may be purchased at what can be shown to have been their actual cost. Should you fail to accept this proposition you will probably find yourselves, and that at an early day, enabled to judge of the extent to which American competition for the sup-

ply of paper has tended to reduce its price generally, and thus to further the cause of civilization throughout the world.

Yours respectfully,

A. B.
C. D.
E. F."

The view above presented is, as I fully believe, a perfectly accurate one, and I cannot but hope that the men who are now being persecuted may manifest the possession of both the patriotism and the resolution required for adopting the course of operation that there is indicated. If the country is to prosper—if the Government is to be sustained—if the Union is to be maintained—it is by means of a policy tending to the approximation of the producer and the consumer, and to the relief of the farmer from the oppressive tax of transportation, and *by that alone*, that those great and essential ends are to be attained.

The real payers of English taxes are the people of the countries that supply the raw materials of manufactures, and buy them back again in a finished form—those who sell the rabbit skin for a sixpence and then repurchase the tail for a shilling. The consequences of this are seen in the fact, that all such countries, poor, weak and despised, are compelled to submit to the dictation of the very people whom they are thus compelled to support. Protection against this tyranny we have at length obtained, and the result is seen in the fact, that our people are now enabled to contribute to the support of Government, and to do so with ease, tens of millions, when before they could with difficulty contribute the millions that were required. This, however, does not suit "the wealthy capitalists" of Britain, and therefore do we find them tempting the consumers of paper and of iron to the work of opening holes in the tariff, well knowing that one which in the outset was large enough to pass only the body of a rat will very speedily become sufficiently large to pass that of an elephant. This must be resisted, and if the paper-makers shall now employ to its full extent the power that is in their hands, they will thereby earn for themselves the thanks of every patriot in the nation; and of all who with me believe that there is *a way to outdo England without fighting her*—a peaceful, pleasant road towards that thorough independence which shall enable us to respect ourselves while commanding the respect of the other nations of the world.

In another letter I propose to ask your attention to some facts concerning the iron manufacture, and meantime remain, my dear sir, with great regard,

Yours respectfully,

HENRY C. CAREY.

Hon. SCHUYLER COLFAX.

PHILADELPHIA, Jan. 2, 1865.

NOTE.—Just as this letter is going through the press I find in the *New York Herald* an article on the subject, from which the following is an extract:—

"There is a movement on foot to induce Congress to repeal the duty on paper. This movement originates out West, and with the editors of republican papers. Some time ago a number of these editors—principally of Chicago and St. Louis papers—met and made their arrangements in the usual way to influence Congress on this subject. They adopted resolutions, appointed committees, delegates, and so on. Their resolutions denounced the duty as onerous to publishers and not beneficial to the Treasury; and their committees and delegates were sent around to influence the press at large, to buttonhole Congressmen and other influential persons, and in all ways to make as much outside pressure as possible. We have been visited on the subject, and were at first glance disposed to aid in the movement, but on a little reflection we are opposed to the whole thing. We are in favor of the duty, and if Congress is disposed to increase it to one hundred or even five hundred per cent. it will be quite agreeable to us.

"In our opinion the Western editors look at this subject through a pinhole, and, consequently, only see a very small part of it. They never consider the subject in any light save that of their own particular interest, and, consequently, they do not understand it at all. They see that the price of paper is high, and they put down their heads and rush at the duty, which they suppose to be the cause; but they rush in the wrong direction. The high price of paper is not in consequence of the duty, and an import duty cannot have any but the most temporary influence on that price. Import duties cannot have any permanent effect on articles that can be produced here of a satisfactory quality. If an article can be made here as well as in foreign countries heavy import duties will only affect the place where it is made. Import duties on such articles merely stimulate domestic manufacture. But, says the man who looks through the pinhole, import duties also protect domestic manufacture, and the high duty that makes the imported article dearer also makes the domestic article bring a higher price. This is not true. Import duties give the market to the domestic product, and the price of the domestic product is regulated not by that fact, but by demand and competition. If the price of paper is very high, and the demand is great, paper manufactories will spring abundantly into existence wherever capital seeks investment, and prices will find their natural level."

THE IRON QUESTION.

LETTER FIFTH.

Dear Sir:—

Of all the metals there is none that, in its character of an instrument to be used for facilitating exchanges, does so much as is done by gold in promoting that combination of effort which is the essential characteristic of civilization. It is in that capacity only, however, that it performs such service. Coming to the hands of men ready for use, it makes little demand for combination in its preparation, the golden particles found in the miner's pan being almost as fully fitted for man's service as are the large pieces sent abroad from the mints of this city or of London.

Widely different is it with regard to that greatest of all metals by help of which we cultivate our fields, mine our coal, build our houses, and plate our ships. Coming to us in combination with an almost infinite variety of other materials, it requires all the aid that science can afford to make it fully available for human purposes. Century follows century, each in succession casting new light on its various properties, and with each of them is produced a power for greater combinations of effort, and a necessity for their existence. Thus promoting association it is the great civilizer, and therefore is it that in the extent and growth of its use we find the truest standard by which to test the existence and the growth of civilization. That admitted, and it cannot be denied, we may now proceed to inquire what has been the extent of its use among ourselves, and how far its several stages of growth and decline have been attended, on the one hand by peace and harmony at home, accompanied by growing steadiness of the societary movement; and, on the other, by those frightful crises by which that movement has so often been arrested, and which can be regarded only as the evidences of growing barbarism.

Forty years since, our annual product of this greatest of all

metals did not exceed 50,000 tons. Under the semi-protective tariff of 1824 there was a steady increase, but it was not until after the establishment of the thoroughly protective tariff of 1828 that the manufacture attained any large development. By 1832 the product had reached 210,000 tons, and there was then every reason to believe that in a brief period the whole demand would be supplied at home. Prosperity then reigned throughout the land. Public and private revenues were large, and the national debt was in course of rapid annihilation. That, however, not being the state of things desired by "the wealthy capitalists" of England, railroad managers were set to work in and out of Congress, and railroad bars were made wholly free, while the duties on other commodities were left in a great degree unchanged. Shortly after this, however, agitation succeeded in producing a total change of system, the tariff of 1833 having provided for a gradual diminution of all duties, those on iron included, until, in 1842, they should stand at a dead level of 20 per cent. Thenceforward the building of furnaces and mills almost wholly ceased, the "wealthy English capitalists" having thus succeeded in regaining the desired control of the great American market for cloth and iron that had been so nearly lost to them. As a consequence of their triumph there ensued a succession of crises of barbaric tendency, the whole terminating, in 1842, in a scene of ruin such as had never before been known, bankruptcy among the people being almost universal, the banks throughout a large portion of the country being in a state of suspension, States being in a condition of repudiation, and the national treasury being wholly unable to meet its small engagements. Only seven years before, under protection, it had paid off, to the last dollar, the debt of the Revolution.

In 1832, as has been shown, the domestic production of iron having risen to 210,000 tons, civilization was rapidly advancing, with growing power among the people to contribute to the support of Government. Ten years later, with a population one-third greater, the total production of iron being but 230,000 tons, we find a growing barbarism, attended with corresponding decline in the power of the people to pay for maintenance of the trivial fleets and armies that then were needed for self-defence. Such was the result of the employment by British capitalists of that "great instrument of warfare against the competing capital of other countries," by means of which they have thus far succeeded in rendering

the Declaration of Independence, issued in 1776, a mere form of words, and so destined to remain until our people shall fully learn that combination for our subjugation needs to be met by *combination for self-defence.*

Universal distress producing a universal demand for remedy, it was furnished by the establishment of that highly protective tariff of 1842, under the influence of which, in less than half a dozen years, the production of iron was carried up to 800,000 tons, and the total consumption of foreign and domestic to 900,000. Six years previously, under British free trade, it had been only 300,000. Here was evidence of advancing civilization, and it was accompanied by that higher evidence which was furnished by the facts that individuals, banks, and States resumed payment of their debts, while the treasury was enabled not only to meet the usual demands upon it, but also to provide, and that without the slightest difficulty, for the expenses of the war with Mexico. Throughout this period there was no excitement, nor was there any crisis. All was peace and harmony, and everywhere in the land there was evidence of rapidly advancing civilization.

The proverb says most truly that "you may bray a fool in a mortar, yet will his foolishness not depart from him." Never, however, has its truth been more fully proved than in these United States. Their people had been "brayed" in the British free trade "mortar" in the terrible period from 1815 to 1825. They had been restored to perfect health in the protectionist period from 1825 to 1835. They had again been "brayed," and to an extent that till then had not been paralleled, in the years from 1835 to 1842. Protection had again restored them in the brief period from 1842 to 1846; yet did they remain so "foolish" as to prove themselves once again open to the blandishments of their excellent *friends* beyond the ocean, "the wealthy capitalists" of Britain, who had been enriched by means of buying their rabbit *skins* at sixpence each and then reselling to them the *tails* at a shilling, and who now found themselves in danger of wholly losing the "foreign markets" they had so long labored to secure. As usual, agitation was recommenced. British agents, with stocks of cheap British goods, were sent to Washington, and the halls of the Capitol were granted to them for the exhibition of their wares. Large sums were raised in England, and politicians here were subsidized. Estimates were furnished to the Senate, in which it was shown that the taxation

imposed by the tariff was so oppressive that a ton of nails which could be bought for $90, really cost the purchaser $105 *more* than it would have done under a free trade system; and that a pound of Missouri lead, that could then be bought in New Orleans for $2\frac{3}{4}$ cents, actually cost the consumer three cents *more* than he would have had to pay had he been permitted to get his lead free of duty from Spain or England. Such were the "instruments of warfare" used on that occasion for beating down the system under which the country had so rapidly recovered from the effects of the free trade tariff of 1833. Such were the frauds by means of which the tariff of 1846 was forced upon a country that had already, in the short period of thirty years, twice been "brayed" in the free trade "mortar," and twice had found the effects thereof in an almost entire stoppage of the societary circulation, and an almost absolute bankruptcy of the farmers, traders, bankers, and manufacturers of the country.

Nominally, that tariff came into operation at the end of 1846. Really, it became operative in the summer of 1848, the Irish famine of 1847 having produced a state of things, both abroad and at home, that much delayed its destructive action. From that moment furnaces and rolling mills went gradually out of action until, in 1850, the quantity of iron produced had fallen to less than 500,000 tons. Was the deficiency made up by importation? It was not, the import of that year having exceeded that of 1846 by only 270,000. The whole consumption was, therefore, little more than previously had been the domestic product alone. Nevertheless, our population had then increased but little less than ten per cent. We see thus, that while consumption advances under protection at a rate five times more rapid than that of population, it declines whenever the "wealthy capitalists" obtain the control of the "foreign markets" to which they look with such great anxiety, and for which they are always ready to use that great "instrument of warfare" that we, in our marvellous folly, have placed in their hands, by means of selling *skins* for sixpence and taking our pay in *tails* at a shilling.

The duty under the tariff of 1842 being specific, it underwent no change when prices fell in England. To its full amount, therefore, it constituted an obstacle to importation that it was for the British iron master to remove, paying the cost of removal out of his own pocket and into the Treasury of the Union. As a conse-

quence of this the import of rails in the fiscal year 1846–7, when the country was so highly prosperous, was but one-half as great as the average of the two years preceding the passage of the act of 1842; whereas, the domestic production had risen to 41,000 tons, or little less than double the number imported in those thoroughly free trade years. The total consumption had more than doubled in the short period which had then elapsed, and had thus given evidence that thorough protection and civilization were marching hand in hand together.

The tariff of 1846, with its *ad valorem* duties, came into operation on the first of December of that year, the rate payable by iron being 30 per cent. Fraudulent invoices reduced it, probably, to little more than 20 per cent. American competition had greatly lowered the real British prices, as a consequence of which the amount paid into the treasury by foreign iron and the freight from England combined, during a period of several years, were less than the mere cost of transportation from the furnaces of Pennsylvania to the city of Boston. The "wealthy English capitalists" now profited, and to the fullest extent, of the opportunity thus afforded them "to destroy foreign competition and to gain and keep possession of foreign markets." In 1849 and 1850 the quantity of foreign rails forced on the American market amounted to more than 200,000 tons, while the domestic production of those years averaged but 16,500, although there then existed American mills capable of producing nearly 70,000, and those in a country in which eight years before not a single rail had yet been made.

The furnace master found his market destroyed by the closing of the rolling mill, and the owner of the latter found himself being ruined by the liberal use that then was being made of those "great instruments of warfare," by means of which the "wealthy capitalists" of England had so long been accustomed to annihilate "the competing capital of other countries." In their distress they called on Congress for help, but their cries were totally unheeded. British iron, at the then freights, and almost free of duty, could be delivered here, as then was shown, at $40 per ton; and railroad makers preferred to pay that price for the miserable products of British furnaces, to giving a sliding scale that would secure to the American producer, for sound and excellent iron, the small price of $50, which was *all that then was asked.* Closing their eyes to the fact that it was to American competition for the sale of iron they had been

indebted for the low prices of the British markets, they permitted that competition to be almost annihilated, and the competitors to be ruined. The fall of the domestic production from 800,000 tons to less than half a million, produced a necessity for dispensing with its use, or going abroad to purchase all the difference. Competition for purchase in the British market grew as this necessity increased, and therewith came the precise state of things so well described in the Report to which I have so frequently referred—the whole British iron trade having been "enabled to step in when prices revived, and to carry on a great business" before their American competitors could "establish a competition in prices with any chances of success." With the discovery of California gold there arose a great demand for railroad iron, and that demand was, for the first few years, supplied almost entirely from British rolling mills, the railroad makers paying $80 per ton, if not even more, when but a little before they had refused to the domestic producer a sliding scale that would have secured him in the receipt of $50. At enormous prices Britain supplied us, in the four years 1851–54, with no less than a million tons of railroad bars. The additional price paid in those years by American road-makers, as penalty for permitting American competition to be crushed out, could not have been less than $30,000,000, all of which went into British pockets, and thus helped to prepare the way for that new evidence of growing barbarism which was furnished by the terrific crisis of 1857.

In that crisis very many of our iron producers were totally ruined, and the ruin extended itself to all departments of industry connected with this branch of manufacture. The demand for coal diminished, and labor ceased to be required; as a necessary consequence of which immigration rapidly declined, while emigration to Australia, combined with return of the many disappointed, withdrew from us probably one-fourth of all who then were led to seek our shores.

At the breaking out of the rebellion we had been for a whole decade in the ownership of mines that had yielded gold to the extent of more than $500,000,000, and yet we had not been able even to pay our way with Europe. Our foreign debts were probably equal to that sum in their amount. Our credit was so very low that there existed little disposition to purchase further supplies of bonds. As a consequence of this, the importation of railroad iron in the three years 1858–60 averaged but 88,000 tons, and the total consumption of iron, foreign and domestic, but little exceeded that of the closing

year of that prosperous protective period which terminated in 1847–8. There is good reason for believing that it did not exceed a million of tons, and yet in the period which had since elapsed our population must have increased more than 40 per cent. Taking then the consumption of iron as the test of civilization, we are presented with the following facts:—

In the six years which followed the passage of the protective act of 1842 the consumption of iron trebled, while the population increased but 20 per cent.

At the end of twelve years from the re-establishment of British free trade, there was but a slight increase, although the numbers of our people had grown 40 per cent.

Bad as was all this, it was but the preparation for those further acts of barbarism which distinguished the close of 1860, and resulted in a civil war that has cost the country hundreds of thousands of lives, and thousands of millions of dollars. Seeking now to find the real cause of that war, and of the destruction of life and property of which it has been the cause, I would ask of you, my dear sir, to read again the Parliamentary Report of the British policy, and then to study carefully the following exhibit of the natural advantages of an important portion of the country that now presents such a scene of devastation.

The great backbone of the Union is found in the ridge of mountains which commences in Alabama but little distant from the Gulf of Mexico, and extends northward, wholly separating the people who inhabit the low lands of the Atlantic slope from those who occupy such lands in the Mississippi valley, and itself constituting a great free soil wedge, with its attendant free atmosphere, created by nature herself in the very heart of slavery, and requiring but a slight increase of size and strength to have enabled its people to control the southern policy, and thus to have brought the entire South into perfect harmony with the North and West, and with the world at large. That you may fully satisfy yourself on this head, I will now ask you to take the map and pass your eye down the Alleghany ridge, flanked as it is by the Cumberland range on the west, and by that of the Blue Mountain on the east, giving, in the very heart of the South itself, a country larger than all Great Britain, in which the finest of climates is found in connection with land abounding in coal, salt, limestone, iron ore, gold, and almost

every other material required for the development of a varied industry, and for securing the attainment of the highest degree of agricultural wealth; and then to reflect that it is a region which must necessarily be occupied by men who with their own hands till their own lands, and one in which slavery can never by any possibility have more than a slight and transitory existence. That done, I will ask of you here to reflect what would be now the condition of the Union had its policy for the last twenty years been such as would have tended towards *filling this great free soil wedge with free white northern men*—miners, smelters, founders, machinists—workmen of all descriptions—who should have been making a market for every product of the farm, with constant increase in the value of land and labor, and as constantly growing tendency towards increase of freedom for all men, whether black or white? Would not, under such circumstances, power have made its way to the hills, and would not iron, coal, limestone, and copper have been enabled to dictate law to the cotton kings—to the men who occupied on the river bottoms, and lived at ease at the cost of those of their fellow-men whom they bought and sold in the open market? Could we, by any possibility, have witnessed the present extraordinary state of things, had the policy of the country in reference to domestic and foreign commerce not been directed by the "wealthy capitalists" who are now so busily engaged in making rat-holes through the existing tariff, very moderately protective as it is? Most assuredly we should not. *To* them it is that we are indebted for our present troubles and our debt, and *of* them it is we should exact the payment of it. That, however, we shall never do if we shall continue to sell rabbit *skins* for sixpence and take our pay in rabbit *tails* for a shilling.

Why have we so long continued so to do? Because, although Independence was declared in 1776, we have never pursued the policy required for making the declaration any more than a mere word of small significance. With slight exception we have been governed by the great capitalists of Britain, and have pursued the precise system that was advocated in England before the Revolution as the one required for retaining the Colonies in a state of vassalage, and thus compelling them to so make the unprofitable exchanges to which I have referred. What was that system is fully shown in an English work of much ability, published in London at the time when Franklin was urging upon his countrymen the diversification

of their pursuits, as the only road towards real independence, and from which the following is an extract:—

"The population, from being spread round a great extent of frontier, would increase without giving the least cause of jealousy to Britain; land would not only be plentiful, but plentiful where our people wanted it, whereas, at present, the population of our colonies, especially the central ones, is confined; they have spread over all the space between the sea and the mountains, the consequence of which is, that land is becoming scarce, that which is good having all been planted. The people, therefore, find themselves too numerous for the agriculture, which is the first step to becoming manufacturers, that step which Britain has so much reason to dread."

Why, my dear sir, should Britain have so much dreaded combination among her colonial subjects? Why should she so sedulously have sought to disperse them over the extensive tracts of land beyond the mountains? Because, the more they scattered the more dependent they could be kept, and the more readily they could be compelled to carry all their rude products to a distant market, there to sell them so cheaply, as we are told by another distinguished British writer, "that not one-fourth of the product redounded to their own profit," as a consequence of which plantation mortgages were most abundant, and the rate of interest charged upon them so very high as generally to eat the mortgagor out of house and home. In a word, the system of that day, as described by those writers, was almost precisely that of the present hour. For its maintenance, dispersion of the population was regarded as indispensable, and that it might be attained, the course of action here described was recommended:—

"Nothing can therefore be more politic than to provide a superabundance of colonies to take off all those people that find a want of land in our old settlements; and it may not be one or two tracts of country that will answer this purpose: provision should be made for the convenience of some, the inclination of others, and every measure taken to inform the people of the colonies that were growing too populous, that land was plentiful in other places, and granted on the easiest terms; and if such inducements were not found sufficient for thinning the country considerably, government should by all means be at the expense of transporting them. Notice should be given that sloops would be always ready at Fort Pitt, or as much higher on the Ohio as is navigable, for carrying all furniture without expense, to whatever settlement they chose, on the Ohio or Mississippi. Such measures, or similar ones, would carry off the surplus of population in the central and southern colonies, which have been

and will every day be more and more the foundation of manufactures."

Having studied these recommendations in regard to the maintenance of colonial dependence, I will ask you now to study the working of the British free trade system, and satisfy yourself that its advocates, the *agitators* of whom I have spoken, have been mere instruments of our foreign masters—closing our mills, furnaces, and factories, retarding the development of our great mineral treasures, preventing the utilization of our vast water powers, and in this manner scattering our people, in strict accordance with the orders of those British traders against whom our predecessors made the Revolution.

Having now brought up this review of the iron trade to the period of the great rebellion, I propose in another letter to bring it down to the present time, and then to show what are the measures by which we may be enabled to *outdo England without fighting her*, and thus establish a real independence.

Yours, very truly,

HENRY C. CAREY.

Hon. SCHUYLER COLFAX.

PHILADELPHIA, Jan. 6, 1865.

THE IRON QUESTION.

LETTER SIXTH.

DEAR SIR:—

THE preparation seems to have now been made for boring another hole through the protective system that has recently been so well established. This time it takes the form of a protest, of course in favor of the public revenue, against duties on spool cotton, under which, as we are told, "foreign spinners are now suffering in their attempts to contend against these heavy odds whereby importation is now stopped." Large exhibits are made therein of the quantity of gold that is thus prevented from passing into the treasury, but not a word is said in reference to the important fact, that, under the system which has thus far made us dependent on Britain for that important commodity, we have never yet been able to carry up our consumption even to the amount of six cents per head of our population. Selling cotton at three or four pence per pound we have been required to pay in gold, to the extent of millions of dollars per annum, for pennyweights of it combined with Russian and Egyptian corn, while the farmer of Iowa, unable to find a market for his grain, has found it expedient to convert it into fuel, and thus prevent its total waste. Here, as everywhere, we have been favoring the policy of slavery and barbarism, limiting our people to the raising of raw produce for the supply of distant masters, by whom they have been required to give the whole skin for a sixpence, receiving their pay in tails at a shilling. The answer to all that is now said in regard to the opening of the new rat-hole which is now proposed, is found in the words of the excellent article from the *Herald*, a part of which was appended to a former letter: "*If the price is very large and the demand is great, manufactories will spring abundantly into existence and prices will find their natural level.*" If the British manufacturers are really suffering in the manner above described, let them transfer

themselves and their machinery here; let them bring their people with them to eat the food of Illinois and Iowa in place of that of Egypt; let them do this and the price of their commodity will soon be so far lessened that our consumption will rise to 20 cents per head; the Government will then receive, in the form of internal revenue, an amount far greater than these foreign agitators ever yet have paid at the custom-house; and we shall then have made a further step towards enabling ourselves to retain at home the gold that we ourselves shall so much need when the time shall have arrived for using the precious metals in the place of paper.

Having thus disposed of this new subject of agitation, the further examination of the great Iron Question comes now next in order.

To British free trade it is, as I have shown, that we stand indebted for the present civil war. Had our legislation been of the kind which was needed for giving effect to the Declaration of Independence, that great hill region of the South, one of the richest, if not absolutely the richest in the world, would long since have been filled with furnaces and factories, the laborers in which would have been free men, women, and children, white and black, and the several portions of the Union would have been linked together by hooks of steel that would have set at defiance every effort of the "wealthy capitalists" of England for bringing about a separation. Such, however, and most unhappily, was not our course of operation.

Rebellion, therefore, came, bringing with it an almost entire stoppage of the societary movement, with ruin to a large proportion of those of the men engaged in producing coal and iron who had still continued to exist notwithstanding the heavy losses inflicted upon them in the sad five years which had just then elapsed. More than at any previous period the Government stood then in need of iron in all its shapes, from the needle with which the poor sewing woman makes the shirt, to the great sheet required for plating the enormous ship of war; and yet, such had been the extraordinary policy of the country that, while fuel abounded rolling mills were idle and furnaces were out of blast, and the machinery for the needle and the plate had not as yet been permitted to take its place at any single point over our extensive surface. As a consequence, poor as was then our Government, and unemployed as were then so large a portion of our people, we were compelled to send abroad for millions upon millions of dollars worth of the machinery of war, and there to encounter all the obstacles that could decently be thrown in our

way by men who prayed openly for the success of the rebellion, and who, almost at the instant of its first occurrence, had, by royal proclamation, placed the rebel Government on a level with that which their predecessors had, in 1783, so unwillingly recognized. This great adversity had, however, brought with it a remedy that, if now properly applied, will cause our children and our children's children to look back to the period of its occurrence as that in which there had been an act of Providential interference in favor of a community such as had had no precedent in the history of the world, prompting, as it had done, men who for seventy years had wholly controlled the action of the Government, to abdicate their seats and leave the direction of affairs to those who represented the poor and despised "mud-sills" of northern States. So great an act of insanity had never before been perpetrated by any body of intelligent men, and, most fortunately, its perpetration occurred at the moment when the public opinion of the North had been prepared to profit of it.

That preparation had come as a natural consequence of the terrific free trade crisis of 1857. Assembling in 1860, the politicians at Chicago accepted most unwillingly that new plank of the platform by which "protection to the farmer in his efforts for bringing the consumer to his side" was incorporated into the Republican creed; and great was their surprise when they found that public opinion, and especially the opinion of the great Mississippi Valley, had left them far behind. "We might have made it stronger," was the exclamation of one of its chief opponents after he had witnessed the enthusiastic applause with which it had been greeted. As yet, however, it could be nothing more than a declaration of good intentions to be carried into effect at some future time, the senatorial power appearing then likely long to remain in the hands of men who believed in human slavery as the corner-stone of all free government; in British free trade as the means by which slavery was to be perpetuated and extended throughout this continent; and in the "wealthy capitalists" of England, as the firm allies by whose aid their ambitious hopes were to be fully realized. To give practical effect to the new Declaration of Independence, it was necessary that those men should abdicate, and happily for the North, and for the world, abdication was not long delayed. Protection then at once became the law of the land, and under circumstances that should have tended to free forever the country from that agita-

tion by means of which the British trader had so long controlled the societary movement, and had, with so much profit to himself, been enabled to fill the British treasury by means of taxes, direct and indirect, upon nearly all the foreign exchanges that our poverty had permitted us to make. Between skins at sixpence and tails at a shilling—cotton at cents per pound and cotton goods at shillings per ounce—corn at cents per bushel and wool and corn at dollars per pound—there was a large margin for the British trader and his superiors, and out of the taxes thus extorted have, to a large extent, the British nation and its government been supported by the people of these United States. Protection looked to the abolition of this taxation. That it has done much in that direction is proved by the great fact, that it has enabled us to contribute thousands of millions of dollars towards the suppression of the rebellion; that it has in so short a period given us a navy such as had been so long required for setting at naught the declaration that "not a flag but by permission spreads;" and that, notwithstanding all our vast expenditures, the productive power of the loyal States is greater at this moment than was that of the whole Union on the day on which, less than four years since, President Lincoln assumed the reins of government.

The need for iron soon became very great. Great, too, was the disposition of iron men to exert themselves for the supply of the wants the rebellion had now created. The Government had just then pledged itself to stand by them in their contest for the market of the world, at home and abroad, with the men who had so long controlled "that great instrument of warfare" by whose judicious use their predecessors had so generally been ruined. The pledge was accepted, and the results exhibit themselves in the facts:—

I. That the production of pig-iron has already been carried up to more than 1,300,000 tons, and that it has been made certain that large as is the quantity, it can with ease, provided that the labor can be obtained, be trebled in the next seven years:

II. That the rolling-mills of the country have now a capacity of nearly 700,000 tons, and that the only difficulty now standing in the way of the production of that quantity of sheet and bars is the one resulting from the scarcity of labor:

III. That the supply of railroad iron is now fully equal to the demand, and can be increased to any extent that may be required:

IV. That the conversion of iron into steel has been so much ex-

tended as to free us entirely from any further dependence on the "wealthy capitalists" of Britain:

V. That works required for the conversion of steel and iron into the various other machinery required for both public and private uses have been so extended as to enable their proprietors to meet the whole demand.

The industrial history of the world exhibits nothing at all comparable with what has here been done in regard to this great branch of manufacture. That it might be done every man who previously had been interested therein has been required to apply to the enlargement and improvement of his machinery not only every dollar that he could make, but, in very many cases, all that he could borrow; and this they have done in the false confidence that consumers of iron had at last so far profited of past experience as to have become convinced that the way to have good and cheap iron was to be found in the direction of stimulating competition for its manufacture; and not in that of annihilating American competition for its *sale*, while promoting competition for its *purchase* from the very men who had always used their power in the direction of promoting agitation for the destruction of "foreign competition," and for enabling themselves to "gain and keep possession of foreign markets."

That it *was* a false confidence you will, my dear sir, see, after you shall have accompanied me in a brief review of the proceedings of iron consumers which it is proposed now to make. When you shall so have done, you will, as I think, agree with me that it would be difficult to find in the history of the world a case in which the proverb given in my last had been more thoroughly applicable than it now is in reference to the iron consumers of these United States. Often as they had been "brayed" in the British free trade "mortar," their "foolishness" had not departed from them.

By the tariff of 1861 the duty on railroad iron was fixed at $12 per ton of 2,240 pounds, being less than one-half of the charge upon it as established by the tariff of 1842—that one under which iron generally was so cheaply furnished that the total consumption of the country was in four years carried up from 300,000 to 900,000 tons. It should have been placed at a higher rate than this, and so it would have been but for the exceedingly absurd and stupid jealousy which prompts so many persons to consider the iron manufacture the special property of Pennsyl-

vania. Iron ore abounds in more than two-thirds of the States of the Union; fuel, too, almost as much abounding as the ore demanding to be smelted; and it is to the great credit of Pennsylvania that her ironmasters have never in a single instance allowed themselves to be influenced by the narrow idea, elsewhere openly expressed in regard to other branches of manufacture, that it was needed to "keep protection down, lest it might stimulate domestic competition." If there are any ironmasters in the country who can live without protection, they are those of that State. They are the men who have paid most dearly for their experience. To them the country is indebted for the fact that this great branch of manufacture, in nearly all its processes, is now ahead of Britain. They, however, know that Tennessee and Alabama, Missouri and Michigan, Virginia, Maryland, and Ohio, need protection; and they desire that they shall have it, quite assured that in the wide extension and general prosperity of the manufacture in which they are so well engaged will be found the key to that universal prosperity which enables men to extend their roads, to increase and improve their machinery, and to do all those things that make demand for iron and thus furnish proof conclusive of advancing civilization. Least in need of it, they stand foremost in the demand for efficient protection, asking it in the interest of the country at large, and not, as is in so many other cases done, exclusively in their own.

Accepting the rate of duty that had been fixed, they went promptly to work, and with the results that have been shown. The time came, however, when it became necessary to establish a system of Internal Revenue, and railroad iron was then subjected to a direct tax of $1 50 per ton, while upon coal and other commodities used in its production heavy duties were imposed. Incomes, too, were required to contribute, the general rate of contribution, by both the manufacturer and the receiver of income, being fixed at *three* per cent.

The war having thus produced a necessity for taxing both the materials of manufacture and its products, it was deemed proper to subject the foreign manufacturer to the payment of a like contribution, and duties generally were raised to the extent of *five* per cent. To this, however, railroad iron was made an exception, the addition having been limited to the precise amount of the direct tax, $1 50 per ton, and no allowance whatever having been made for the taxes on coal, lime, machinery, or incomes. Such, my dear sir, was

the paltry spirit in which were met the men who were at that moment, in their efforts to meet the wants of the Government, manifesting a larger liberality than any other body of men that could have been produced in the whole extent of the Union.

The necessity for further revenue becoming obvious, the last session of Congress gave us a new excise law by means of which pig metal was for the first time subjected to a tax, and that to the extent of two dollars per ton, the tax on coal being at the same time largely increased, and that on rails more than doubled, the general effect being that of giving a tax on the rail itself amounting to seven dollars per ton.

To this must now be added taxes on lime and other raw materials—taxes on machinery to a large amount—income taxes—taxes on licenses—taxes on sales—taxes on freights—taxes on leases—taxes on salaries—taxes on charters, notes of hand, and articles of agreement—the whole of which, when added to the $7 already obtained, will give at least $8 50 as the contribution in these several forms to be paid by each ton of railroad bars.—Adding now to this the large increase, consequent upon the existence of the war, of state, county, township, and borough taxes—the contributions for obtaining volunteers and for maintaining their families, it will be found that the amount, under this new law, furnished by each ton of bars, for the maintenance of the contest, cannot be estimated at less than $10.

Having thus shown what was the pressure brought by the Government to bear upon the men who were giving all their time, mind, and means to building up that great manufacture on which now rests the whole of our great societary machine, *and upon whose success or failure is dependent the whole future of this Union*, I propose in my next to show what were the measures at the same time adopted by the Government for enabling them successfully to compete with those "wealthy English capitalists" who were then giving all their time, mind, and means to the work of vilifying our people, destroying our credit, breaking our blockades, destroying our ships, and in every other way aiding a rebellion whose success, as they saw, could have no other result than that of reducing the country to a state of complete dependence.

It is with great regret, my dear sir, that I make so many demands upon your time and attention, but the question now to be settled is one of so great importance that you will, I am sure, excuse me.

When the present war shall have been closed there will be another to be fought, and that one will be with England. By many it is desired that it may be a war of cannon balls; but it is not now with such machinery that she chiefly seeks to fight us. It is in the Halls of Congress she is to be met, and the machinery with which we have successfully to meet her is to be found in the adoption of those measures which shall enable us most speedily to profit of that inexhaustible store of fuel and of ores that nature has placed at our command. So believing, and hoping that all my countrymen may soon be led to the conclusion that there really is a way to *outdo England without fighting her*, I am, with great regard and respect,

Yours, very truly,

HENRY C. CAREY.

Hon. SCHUYLER COLFAX.

PHILADELPHIA, Jan. 9, 1865.

THE IRON QUESTION.

LETTER SEVENTH.

DEAR SIR :—

That the power to prosecute the war in which we are engaged has been derived mainly from the Mining States, must be obvious to all who take the trouble to reflect that for the force by which our mills have been driven and our blockade maintained, and the iron by means of which that force has been applied, the Union has had to look almost entirely to the mountains of Pennsylvania. But for the energy with which the mineral resources of that State have been developed the war could not have been maintained for even a single year. To their further development, and to that of her sister Mining States, the Union has now to stand indebted for its power to collect the revenue by means of which its credit is to be maintained, its wars, present and future, to be carried on, and its debt ultimately discharged. *Failing to secure that development it must itself prove a failure, absolute and complete.*

Seeing this, and it is so clearly obvious that it would appear difficult that any should fail to do so, it might be supposed that coal and iron, as the foundation upon which now rests, and must in all the future rest, our whole societary movement, would, in these trying times, and after the sad experience of the *blessings* of British free trade, have been regarded as *entitled to peculiar care.* That prior to the last Session of Congress they had not been so regarded, and that, on the contrary, of the little that had been given by one hand much had been taken away by the other, has been already shown. That the movement since that time has been in the same unfortunate direction, it is proposed now to show.

The total taxation of a ton of railroad bars, for the maintenance of the war, cannot be taken at less than $10. Before the passage of any tax law the duty had been fixed at $12, that having been the smallest sum to which it had been possible to obtain the assent of

the Mining States. Under the first tax law the charges of the Government to the domestic producer may be taken as having been not less than $3, while the additional payment required of the foreign producer was limited to $1 50. Since then the former have been more than trebled, and it would have been but just to carry up the latter to the same extent, thereby compelling the British iron master to pay $20. Instead of that, his contribution was *reduced* to the point at which it had stood on the day on which Fort Sumter fell. Such was the manner in which the decision of the Chicago Convention was carried into effect in regard to a manufacture upon the success or failure of which was wholly dependent the answer to be given to the questions as to whether or not the Government was to be sustained; whether or not the interest on the debt was to be paid; whether or not specie payments should ever be resumed; whether or not the national debt should ever be discharged?

It may, however, be said that the duty of $12 is payable in gold, while the $10 of taxes are payable in paper, and such is certainly the case. *That difference now constitutes the sole protection to this great branch of manufacture.* When, however, is it to cease? Who can tell what time is to elapse before some enterprising financier shall succeed in persuading the Government to the adoption of measures tending to the sudden reduction, at any cost to the people, of gold to par? Such measures are, as we all know, now advocated in some of the most influential Republican journals, and they have, as I have good reason to believe, received the approbation of men of the highest standing connected with the Administration. That they would be suicidal in their tendency cannot be received as furnishing even the slightest evidence that they will not be adopted, seeing that we have now before us evidence that gentlemen connected with railroads have so entirely failed to profit by experience which should have taught them that the cheap British iron of 1864 was but the trap by help of which they were to be made to pay probably twice the price for just such iron, poor as it generally is, in 1866. Time and again have they and their predecessors been brayed in the British "mortar," yet has their "foolishness" not yet departed from them.

The direct contribution of pig and bar iron to the revenue can scarcely this year be taken, as I think, at less than $5,000,000. Add to this the taxes on coal, lime, transportation, incomes, &c. &c. &c., and we shall obtain probably double that amount. This would

seem to be a large sum to put at risk, and yet it is as nothing compared with the extent of risk that is to be incurred, the coal and iron trades of the country constituting the foundation upon which this day rests our whole system of internal revenue. Break *them* down, as they will be broken if the system be not promptly changed, and the Government will, before the lapse of even a single year, become so utterly bankrupt that its certificates of indebtedness will have little more value in the public eye than have this day those of the so-called Confederacy of the Southern States.

To those who may entertain any doubts on this subject I would recommend reflection on the following facts :—

I. The consumption of iron is the test of growing civilization, strength, and power.

II. That consumption doubled in the protective period from 1828 to 1834, our numbers meanwhile increasing but 20 per cent.

III. Eight years later, in 1842, with British free trade and an increase of numbers amounting to 30 per cent., the quantity consumed had made scarcely any progress whatsoever.

III. Thence to 1848, under protection, with a growth of population of but 20 per cent., it trebled—having already reached the large amount of 900,000 tons.

IV. Twelve years now follow, spent under the British free trade system, giving us—an increase of population to the extent of nearly 40 per cent.—the great discovery of California gold with corresponding increase in the necessity for internal intercourse—and an increase in the consumption scarcely, if at all, exceeding 12 per cent.

V. In the three years that have now elapsed since the Morrill tariff became fairly operative, the population subject to it has been less by a third than that of 1860, and yet the consumption now exceeds 1,300,000 tons, having increased more than 30 per cent.

In the first and third of these periods every branch of manufacture was prosperous, and the power of the people, at their close, to contribute to the support of Government was thrice greater than it had been at their commencement.

In the second and fourth every branch of manufacture was prostrate, and the power at their close to contribute to the support of Government had been almost entirely annihilated.

In the fifth there has been an activity of commerce that before had not been paralleled, as a consequence of which our people have been enabled to contribute to the support of Government hundreds

of millions, and with far more ease than in 1860 they could have furnished tens of millions. Our whole experience proves, then, that power for maintaining the Government grows or declines almost geometrically as the consumption of iron increases or decreases arithmetically.

Having reflected on the facts thus presented, I would now, my dear sir, beg you to answer to yourself if our iron consumers, in the course they have recently adopted, have not furnished proof conclusive that they are of the same race precisely with the Bourbons, of whom it was said on their return to France on the downfall of Napoleon, that they had not profited by their long experience of the troubles of exile to learn anything they had not previously known, or to forget any of the prejudices with which they had started. Both alike had been "brayed in the mortar" of experience, yet had they remained as "foolish" as at first.

Such having been the course pursued in regard to this great fundamental branch of manufacture, let us now look to that presented in reference to another and very subordinate branch that has just now been brought into discussion—that of spool cotton. By the tariff of 1861, the duty thereon was fixed at 24 per cent. By that of 1862 it was raised to 30 per cent. That of 1863 made it 40. Again raised in 1864, we find it to be a combination of specific and ad-valorem duties that compels the foreign producer to pay more than four times as much in gold as is paid by the domestic one in paper. The domestic iron producer, on the contrary, pays nearly as much in paper as the foreign one pays in gold. The domestic paper producer pays more than half as much in paper as the foreign manufacturer pays in gold, the great fundamental industries being thus almost entirely abandoned to the "tender mercies" of "wealthy English capitalists," while the minor ones are placed in a condition to feel themselves entirely secure.

The "absurdity" of all this is most remarkable, the market for thread, cloth, books, and all other commodities being almost wholly dependent upon the prosperity of the great coal, iron, and paper producing interests. Such legislation would find its fittest legislator in the man who should spend his mornings in carefully trimming the branches of his trees while his evenings were as assiduously employed in cutting away their roots.

To what cause is such "absurdity" to be attributed? In great part to the existence of that powerful British combination so well described in the Report to Parliament heretofore given, and in no

inconsiderable part to a necessity that was, at the date of the Congressional action above described, supposed to exist for "punishing Pennsylvania." Almost inconceivable as it may seem that such should be the grounds on which was based the decision of one of the greatest of national questions, that it was so based there is not, as I believe, the smallest reason to doubt. Assuming it so to have been, it may not be, my dear sir, improper here to ask your attention to a few facts in relation to the past and present of the great State which then was held to stand so much in need of *punishment.*

As New England furnishes us the type of that portion of our population which has occupied New York, the northern edge of Pennsylvania, northern Ohio, Indiana, and Illinois, Michigan, and other Northwestern States, so do Pennsylvania and New Jersey give us the type of the population of a great belt of territory, 120 miles in breadth, and ten times that in length, now containing more than 10,000,000 of as industrious and active people as can be found elsewhere throughout the world. When, therefore, Pennsylvania speaks, she does so as the representative of the opinion of all those millions, and therefore is it—and not because of her own particular strength—that it has grown into a proverb, that *as Pennsylvania goes, so goes the Union.*

How *has* she gone in those two great crises which, since the peace of 1783, most have "tried men's souls"—those of the institution in 1788 of the present government, and at later ones of the past four years? Let us see.

The Constitution, as adopted by the Convention of 1788, placed the smaller States, as regarded Senatorial representation, on an equal footing with the larger ones, and hence gave great offence to nearly all of these latter. The single exception to this was found in Pennsylvania, which, first of all to consider that great instrument, was first of all, with the single exception of the little State of Delaware, to ratify it. Months elapsed before her example was followed by Massachusetts and Virginia, while something closely resembling compulsion was required before it was accepted by New York.

In that great crisis Pennsylvania, by her remarkable magnanimity, earned the title of the Keystone State, but whether or not it was then that it was given to her, I have no means of knowing. Certain it is, that but for her prompt and decided action the Union, as it since has been, would never have been accomplished.

Coming now to the second great crisis, that in which we are now

involved, let us see how she has gone, and how far her action has tended to maintain that Union which had been indebted to her for all its previous existence.

I. Scarcely had the first call of the President been fully met before she applied herself diligently to the creation of a large and fully appointed army, whose acceptance was urged upon the Government. Had it been accepted, the Bull Run battle would probably have had a very different termination. Had it not existed, the war might, and probably would, then have ended in the capture of Washington.

II. In three years and a half she has furnished to the army, exclusive of militia and ninety days volunteers, above 300,000 men, or more than a tithe of her whole population. Had all the loyal States done as much, the whole number supplied by them would have exceeded 2,000,000. Always among the first, even when not actually first in point of time, she has never been behind any in point of numbers.

III. Always ready in the field, she has been equally so at the polls. When New York had abandoned the national cause, and when the whole future of the country had become dependent upon the question whether she would, or would not, place herself side by side with that State and New Jersey and thus cripple the Federal Government, she gave in her adhesion to the great cause, and by a majority that, allowing for the absent troops, was greater than it had been at the first. Had she acted differently on that occasion, the war must have come to an end, and the Union must have ceased to exist. From first to last, therefore, she has proved herself to be *the Keystone State.*

IV. In her Commercial Capital, she has given the most loyal city of the Union; the one that has, in proportion to its means, furnished the largest contributions; that one which alone has fed the tired and hungry soldier, from whatsoever State he has hailed; and that one towards which the cold shoulder of the Government has invariably been turned.

Such having been the course which has so recently subjected her to "punishment," we may now, my dear sir, without impropriety, look for a moment to the machinery by means of which it has been administered. As it was at the time explained to me, it was as follows: Leader in the action was a British agent, representative of those "wealthy English capitalists," who furnish "great instruments of warfare against the competing capital of other countries,"

by means of which they "gain and keep possession of foreign markets." Iron being abundant and cheap in England, a considerable quantity had been shipped to him, and he was naturally anxious to economize the contribution to be paid thereon to the Federal Government—that one for whose destruction his masters were then so anxiously laboring. As it chanced, some little Western roads stood in pressing need of iron, and money was then so scarce with them that the saving of a few thousand dollars thereon was deemed a matter of much importance. For accomplishing that saving it was needed that they should obtain a change in the tariff law. Forthwith, they and their English friends set themselves to *prove* that the wear and tear of roads was twice as great as it really had been, the producing power of American mills being at the same time *proved* to be less than half of what we know to be its actual amount. Other roads, the managers of which were thus deceived, were led to lend their aid. To these were now to be added all of the men in Congress who desired to see the Government reduced to bankruptcy, and thus was formed a "ring" of size sufficient to "punish Pennsylvania." The deed was done, and thus was at once destroyed all confidence in the permanence of a system that had been received by the world as confirmation by Congress of that remarkable expression of the public will given at the Convention held in Chicago five years since. For its destruction there was given, as I believe, the vote of nearly every man who has on all occasions opposed the Government in its efforts to maintain the national credit, they well knowing, as I doubt not, that in crippling the iron manufacture, and in punishing its chief representative, they were rendering the largest service in their power to the rebellious States.

That this is a correct statement of the means by which that discreditable action was brought about, I entertain no doubt. Admitting for the moment that it is so, does it not present a state of things of which we have reason to feel much ashamed? In what other nation, making any claim to civilization, are miserable foreign emissaries permitted thus to prowl through the halls of legislation? Were such things tolerated in England or in France, should we hold those nations in much respect? Could they respect themselves? Can we claim the existence of anything like self-respect while such profligate and impertinent meddling with our affairs shall continue to be tolerated? As it appears to me, we certainly cannot.

Having shown the past of the great State which has thus, and at

the hands of a wretched foreign broker, received the "punishment" she had so well earned, I desire now to ask you to look for a moment at her present, with a view to the determination of the question what should be her action in the future.

Four years since, she and Virginia presented the types of two great sections of the Union, the one north, and the other south, of Mason and Dixon's line, the Ohio and the Missouri. On one side was the freedom which always accompanies the connection of agriculture with manufactures. On the other was the slavery which always accompanies that exclusive devotion of labor to the work of supplying distant markets which Britain and Carolina have always sought to perpetuate. On both sides there existed a belief in the necessity for measures of protection, except in the single, and then dominant, State of Virginia. Since then, however, she has abdicated, and freedom has taken, or is now rapidly taking, the place of slavery throughout the whole of that region of country, the richest in the world in regard to metals of almost every kind. Her abdication has placed the *punished* Pennsylvania now in the lead of all the Mining States, embracing a territory of 600,000 square miles, throughout which coal, iron, lead, copper, gold, and other metals so much abound that labor alone is needed for carrying up, within the next twenty years, their production to an extent far greater than the present consumption of the entire world. To the development of that wealth we have to look if we would sustain the Government and maintain the Union. To it must we look if we would maintain our credit and pay our debts. To it alone can we look if we would sink so deeply the foundations of our great public edifice as to secure for it that stability of action which is needed to give it permanence. Upon this, however, through one of her little deputies, Britain has put her *veto*, thereby *punishing* Pennsylvania for making the attempt.

What now should the latter do? Should she sit still while the foundations of our system are being undermined? Should she tolerate a policy thus forced upon the nation by foreign agents, that *must* end in her own ruin, and that of her sister States? Should she longer tolerate the impertinent interference of British brokers in affairs of such high importance? That she should not, I feel well assured. What then should she do?

She ought to invite a Convention, representing the people of all the Mining States, in population comprising probably three-fifths of

the whole Union, and in national resources, three-fourths, with a view to *that combination of effort which is needed for enabling us to free the country from this foreign dictation.* She should proclaim her intention to seek, by all constitutional means, to make of the Declaration of Independence something of more value than would be an equal quantity of mere blank paper. She should say to the people of the whole of those States, that she desired to secure for herself and them that protection which would enable them to unite in supplying the world, both abroad and at home, with iron, confidently relying upon a growth of demand that would keep pace with growth of supply, and thus furnish evidence of increasing strength and advancing civilization. To the people outside of the Mining States she should say, that the more iron made at home the greater would be the demand for cotton and sugar, and for cotton and woollen goods; that among the various portions of the country there was a perfect harmony of interests; that in her efforts at stimulating into activity the great resources of the centre, she was giving her energies towards securing happiness and prosperity to the people of the north, south, east, and west; and, that in thus presenting a mode of *outdoing England without fighting her*, she was doing that which was required for enabling all to enjoy in peace the grand results which must be obtained from the suppression of the great rebellion.

Twice already in great crises has she proved her claim to her title of *Keystone State.* Let her do so once again; let her now do what it is clearly in her power to do, for giving practical effect to the Declaration of Independence; let her show to the world that power, wealth, credit, prosperity, and happiness, may be procured by means of peaceful measures that shall at the same time give us satisfaction for all past injuries received from abroad; and she will thereby earn the thanks of every American, every friend of peace, every lover of his kind, every Christian throughout the world.

Having thus shown what is, as I think, the duty of what is now the leading iron-producing State, I propose, in another letter, to show what it is that I deem to be the duty of the iron producers, and meanwhile remain, with great regard and respect,

Yours, very truly,

HENRY C. CAREY.

Hon. SCHUYLER COLFAX.

PHILADELPHIA, January 11, 1865.

THE IRON QUESTION.

LETTER EIGHTH.

DEAR SIR :—

For every ton of railroad bars now made here, the maker is required to contribute for the support of the war and for maintenance of the public credit, at least *ten dollars*. For every ton of British bars imported the manufacturer is required to contribute for the same purposes, the sum of *twelve dollars*. For every ton of the first transported, the producer is required to pay into the treasuries of American railroad companies, and to the owners of American vessels—both large contributors to the Public Revenue—a sum that is, probably, on an average, little less than twice as great as are the freights from abroad of that British iron which comes in British ships, owned by the men who are now using their best efforts in the advocacy, and in the material support, of the rebellion.* *Their* vessels pay nothing in the shape of tonnage duties, nothing for the use of lights that are maintained by us at heavy cost. *Their* owners pay no excise duties on their iron. *They* have their coal free of duty, and at a third of the cost of that used by our ships. *They* are free from the thousand claims upon their means which now compel our people to such high charges as have almost driven from the ocean the Stars and Stripes. Those charges must continue if we would maintain the Public Revenue, and they must become from year to year more burthensome if we shall, by any error of legislation, diminish the power of any great branch of manufacture to contribute to that revenue.

Taking into view, then, the direct and indirect contributions of a ton of American bars, and placing them side by side with a ton of those made in Britain, the producer of the former has not alone been

* I have now before me the transportation account of an establishment within thirty miles of tide-water, and otherwise favorably situated, from which it appears that the actual railroad charge for carriage of materials and iron was, last year, $13 40 per ton.

reduced to an equality with the latter, but to even a worse position, the British producer being now, in effect, *protected against the American one*, whereas, even under the British free trade tariff of 1846, the mere revenue duty gave the latter some slight protection against the former.

In opposition to this it will, however, be said, that British rails cannot now be imported without loss. That is true to-day, because the premium on gold still remains as a slight protection. To whom, however, are the iron producers indebted for it? Is it to the iron consumers? Is it to that greatest of all consumers, the Government —that one which has just decided that *to that premium alone* the producer shall look in all the future for protection against those "wealthy English capitalists," by whom they have so frequently been crushed? It is not; so directly the reverse of this is it, that every branch of that Government is now striving to put down the price of gold, and thus to deprive that greatest of all our manufactures of the little protection that has been left. But recently, as there is the best reason for believing, a proposition has been made to it on the part of these "wealthy capitalists," having specially in view a great reduction in the price of gold; such a reduction as will, if it shall be carried into effect, place the whole iron manufacture, and many other departments of our now so greatly varied industry, entirely at the mercy of the men who "voluntarily incur immense losses in order to destroy foreign competition, and to gain and keep possession of foreign markets." Whether or not that particular proposition, or any other looking in that direction, will be accepted, no one can now venture to predict; but it requires little of the spirit of prophecy to venture on the prediction that if, in the present state of our tariff legislation, any one at all like it shall be accepted, it will bring with it such reduction of the Internal Revenue as must result in bankruptcy of the Government, to be followed by Revolution.

From that Government the iron producer has now, practically, no protection whatsoever. Does he, then, owe to it, in its character of iron consumer, the performance of any act of duty? As it seems to me, he does not. Even in feudal times protection and service went hand in hand together, the right to demand the latter ceasing with the power to afford the former. Admitting, then, the facts to be as I have stated them, are not the iron producers now free for the adoption of whatsoever measures they may see to be required

for *self-protection?* That they are so, I fully believe. Still further do I believe, that as men who desire to protect the public revenue, maintain the public credit, and restore the country to a condition of peace and union, and as citizens anxious to free it from the control of foreign agitators who are in every manner seeking the accomplishment of disunion, it is their *duty* to combine together in opposition to the present combination for our subjection, and for the re-establishment of a state of colonial dependence that, should the present effort prove successful, will be more complete than it has been at any period since the Peace of 1783.

So regarding the question that is now to be settled, it is my belief that a sense of duty should prompt the iron producers to address its consumers in the following terms :—

Gentlemen :—

Forty years since, notwithstanding our wonderful superabundance of fuel and of ore, the iron manufacture had among us scarcely an existence. The largest furnace in the Union could not produce 1500 tons a year, and the total product of pig metal was under 50,000. In 1828, now but 36 years since, there was passed the first Tariff Act based on the idea that the producers and consumers of food, cloth, and iron constituted one great family, all of whose interests were in perfect harmony, each with every other. To enable the food producer readily to obtain iron, he must have the miner brought near to him, thus to give value to the coal and the iron lying beneath his land. To enable the producer of iron to obtain cloth, it was deemed necessary that the spinner and the weaver should be brought from abroad to eat the food while spinning and weaving the wool. To enable the ship owner to obtain large return freights, it was deemed necessary to secure to the immigrant certain and well-rewarded employment. To enable the proprietor to sell his land, it was deemed necessary to bring the market to his door, and thus relieve him from the oppressive tax of transportation to which he had been so long subjected by the British system. By that tariff all those things were provided for, the entire harmony of all real and permanent interests being thus established. The result exhibited itself in the facts, that before the lapse of a time equal to that of a single presidential term the consumption of cotton and woollen goods had nearly doubled, that of iron nearly trebled, while that of coal had almost tenfold increased. As a consequence of

this there was large consumption of tea, coffee, sugar, and other foreign commodities, the public revenue was great, the national treasury was full, and the public debt was in rapid progress towards that entire extinction which occurred in the following presidential term.

The great improvement in the condition of our people which thus was proved, found its base in the great development of the mineral resources of the country. Without power machinery could not be driven, nor without machinery could cloth be made. As a means of securing that development, the consumers of iron had pledged themselves to protect its producers against a foreign combination whose modes of operation are well described in a Report to Parliament, made but a few years since, from which the following is an extract:—

"The laboring classes generally, in the manufacturing districts of this country and especially in the iron and coal districts, are very little aware of the extent to which they are often indebted for their being employed at all to the immense *losses* which their employers voluntarily incur in bad times, in order *to destroy foreign competition, and to gain and keep possession of foreign markets.* Authentic instances are well known of employers having in such times carried on their works at a loss amounting in the aggregate to three or four hundred thousand pounds in the course of three or four years. If the efforts of those who encourage the combinations to restrict the amount of labor and to produce strikes were to be successful for any length of time, the great accumulations of capital could no longer be made *which enable a few of the most wealthy capitalists to overwhelm all foreign competition in times of great depression,* and thus to clear the way for the *whole trade* to step in when prices revive, and to carry on a great business before *foreign* capital can again accumulate to such an extent as to be able to establish a competition in prices with any chance of success. *The large capitals of this country are the great instruments of warfare against the competing capital of foreign countries,* and are *the most essential* instruments now remaining by which our manufacturing supremacy can be maintained; the other elements—cheap labor, abundance of raw material, means of communication, and skilled labor—being rapidly in process of being equalized."

That pledge having been accepted, large amounts of capital had been applied to the opening of mines, the building of furnaces and mills, and the construction of the roads and canals required for carrying their products to market, thereby laying the foundation of a coal and iron trade that, had it been permitted to obtain develop-

ment, would long since have placed the country in a position to become the great exporter of iron and of machinery, and thus to take the place that till then had been occupied by England. That pledge however, unfortunately for the country, was *not* redeemed. Then, as always before, agitation in and out of Congress was resorted to for the purpose of striking down this great and fundamental industry, and thus relieving the "wealthy English capitalists" from all danger of future interference. As a consequence of this railroad bars were made free of duty in 1832, and thus were furnaces deprived of the great market opening in that direction for their products. Next, and in the following year, the whole tariff was subjected to a process by means of which iron and all the manufactures in which it was required were speedily to be deprived of all protection. Confidence in the future now wholly passed away. Mills and furnaces ceased to be built. Financial crises followed closely one upon another, with the necessary result of almost annihilating the value of the vast capital, counting by tens of millions, that had been applied to the development of the two great industries upon which then depended the whole future of the Union. It was a destruction of property till then without a parallel in history, to have been accomplished by the act of the very people who were destined most to suffer under it—the producers of food and the consumers of iron. The one lost his market among the men who mined the coal and ore and made the iron, and the other found that the impoverished farmer was unable to buy cloth. In crushing out these two great industries the iron consumers, your predecessors, had, Samson like, torn down the pillars of the Temple, and had involved themselves and their Governments, Municipal, State, and Federal, in one common ruin. Railroads, constructed by aid of *cheap* and worthless British iron made from a long accumulation of cinder, fell so much in value that their proprietors were unable to sell their shares at any price. Workshops were closed, and workmen were everywhere reduced to ask for alms. Spinners and weavers shared the same sad fate with the miner and the founder. The trader, unable to collect the moneys due him, was unable to pay the bank, and the banker followed him in stopping payment of his debts. The National Treasury, reduced to bankruptcy, was unable to borrow, on any terms, the amount required to make amends for the deficiency thus produced in its then trivial revenue. Chaos had come again—the same chaotic state of things that had preceded the passage of

the Protective Act of 1824. It had come, too, as a consequence of the inauguration of a government of foreign traders who sought monopoly, and talked of freedom of trade. How free it was, has been shown in the passage from the Parliamentary Report we have above submitted to your consideration. How profitable it had been, was proved by the fact, that, notwithstanding an increase of one-fourth in population, the consumption of iron had scarcely at all increased.

For all this a remedy needed to be found. It came in the form of the tariff of 1842, by which the American people once again pledged themselves to the capitalist, that if he would apply his means to the development of those great mineral resources of the country which constituted the foundation upon which, *alone*, could rest securely our social edifice, he should be protected against those "wealthy capitalists" who had so long been accustomed to regard temporary losses as merely a mode of employing their great "instrument of warfare" in the manner most efficient for the accomplishing of the one great purpose, that of "destroying foreign competition and gaining and keeping possession of foreign markets." The pledge thus tendered was accepted, and in a period brief almost beyond belief mines were opened, roads were constructed, and furnaces and mills were built, capable of supplying a consumption thrice as great as had been that of 1842. With that increase in quantity came such improvements and economies in the mode of manufacture as rendered it absolutely certain that, if faith should be kept with the men who had thus given time, mind, and means to the most important of all manufactures, but a brief period would be required to elapse before they should be enabled to supply the outside world with iron, and thus to furnish new evidence that protection was the road that led most certainly in the direction of perfect freedom of trade. At no period in our history had the demand for labor been so great. At none had there been even an approach to the number of immigrants who then sought our shores. At none had property commanded so large a price. At none had public and private credit been so complete; and yet, but five years previously, labor had been everywhere in excess; immigration had tended to die away; property had been wholly unsaleable; bankruptcy had been almost universal; and the public treasury had found itself wholly unable to command the means required for compliance with its engagements.

As before, however, the public faith was violated, and because of agitation caused by British agents. Almost without notice the pledge given in 1842 was withdrawn in 1846, and the men who in full reliance upon it had applied their millions and tens of millions to carrying in effect the public will in reference to the great work of internal development, were once more delivered over, bound hand and foot, to the "tender mercies of the wealthy capitalists" of England; the men who, while engaged in the work of "overwhelming all foreign competition," could afford to dispense with interest on their capital, their competitors meanwhile paying 10, 15, or 20 per cent. per annum for the use of the money required for carrying stocks constantly accumulating on their hands while engaged in the effort at maintaining the unequal contest.

Further even than all this, the Government undertook to furnish to the foreign producer storage, and under such circumstances as rendered an iron certificate of deposit equally transferable with a money one; whereas, the domestic producer was by law deprived of all modes of transfer not accompanied by an actual delivery of the property itself. The great iron consumer of the country had thus, after having pledged itself to the men who had built the furnaces and rolling mills, opened the mines, and constructed the roads, to protect them in their efforts for the establishment of competition for the *sale* of iron, entered into an alliance, offensive and defensive, with parties whose essential object was that of destroying all *that* competition, thereby increasing competition for the *purchase* of British iron.

Such a course of policy could have but one result. One by one iron masters succumbed to the pressure. One by one the miners of coal found themselves obliged to abandon their works. Seeing ruin ahead they begged of Congress to give them such a sliding scale as should secure them $50 a ton for sound American iron, twice more useful than the worthless trash that was then being forced upon the markets at $40 by their British competitors. Trifling as was this request it was refused, although but four years before Mr. Calhoun had said, that if he could be assured that American iron masters could supply the market at $80 they should have any amount of protection they saw fit to ask.

American production had now fallen to little more than one-half the amount at which it had stood on the day in which the British iron masters' tariff, that of 1846, had gone into practical effect.

Soon, however, came the influx of California gold, bringing with it a large demand for iron, to be supplied, to a great extent, by foreigners, at whose instance that tariff had been made, and now arose a competition for the *purchase* of their products by which they largely profited, charging double price for all they furnished. In three years they sold in the American market a million of tons of iron in its various forms, and at prices that must have paid twenty times over for the losses "voluntarily incurred" in the years from 1848 to 1850. A hundred millions of dollars of American property had been thrown idle, even where not destroyed, to enable foreign iron masters to tax our people, *in increased prices alone*, a sum little short of that amount. In the decade ending June, 1857, there were imported into the country hundreds of millions of dollars' worth that would have been made at home but for the gross violation, at its outset, of pledges voluntarily given by the ruined and broken-down iron consumers of 1842. In that decade there had been forced upon the English market millions upon millions of dollars' worth of food that ought to have been consumed at home, each successive increase of export tending to lessen the prices of the great regulating market of the world, and thus reducing, to the extent of *thousands of millions of dollars*, the amount yielded to our farmers by their crops.* In this manner was built up the great foreign debt that paved the way for that terrific crisis of 1857, which resulted in the stoppage of merchants, the ruin of manufacturers, the closing of mills, furnaces, and mines, and the depletion of the National Treasury, and thus furnished new and more convincing proof that in the coal and iron of the country were to be found THE PILLARS OF OUR NATIONAL TEMPLE, and that when they are being torn away the destruction of the entire edifice is close at hand.

To those two great interests the whole period from 1856 to 1860—that which succeeded the first excitement consequent upon the dis-

* Every additional bushel of wheat thrown on the British market tends to lower the prices there. Every reduction there is followed by a similar reduction here, as Liverpool prices regulate those of New York, which regulates Chicago. The reduction, therefore, is felt on *the whole crop*. It would be a very small allowance for the reduction of British prices consequent upon American supplies to put it at a shilling—24 cents—per bushel. This upon 1250 millions of bushels would give a loss to American farmers of $300,000,000 a year. This is a large sum, and yet it is short of the truth.

covery of California gold—had been one of constantly recurring crises, ending in the ruin of a large proportion of the people who had given time, mind, and means to their development. To the country at large it had given prostration so complete that, notwithstanding an increase of population to the extent of full two-fifths, the power of our people at its close to make demand for iron was scarcely greater than it had been when the British iron master's tariff of 1846 first became instinct with life and prepared to exert its power for mischief. What was its extent shall now be shown.

Fifteen years before, the power of the Alliance between British free trade and slavery which was now seeking the perpetuation of the Colonial System, had exhibited itself in an attempt at Nullification. Ten years later it had presented itself in the form of an almost entire annihilation of our domestic commerce, and in bankruptcy so general that it included individuals and banks, State and Federal Governments. This time it exhibited itself in a deliberate attempt at destruction of the Union. Throughout the whole of the period that had then elapsed since Carolina had abandoned protection and readopted that system which looked to the confinement of our people to the raising of raw products for distant markets—the system of slavery and barbarism—Liverpool had been becoming daily more and more the centre round which revolved our whole societary system. The men of the West exchanged with those of the East, and those of the South with those of the North, through British traders—through those very men now who since have been devoting all their means and all their influence to the final achievement of the one great end they so long had had in view, the dissolution of the Union. The more they could destroy the domestic commerce the smaller must become the threads by means of which its several sections still continued to be held together. By shutting up the mines, furnaces, and mills of the North they compelled the South to look to them for iron, and the greater the dependence thus produced the higher was necessarily the cost of machinery, and the rate of interest, at the North, with constant increase in Southern dependence on Britain for a market for its cotton. British free trade was thus but the necessary preparation for that movement of 1860 which gave us a war in the course of which rebellion has had all the aid, material and moral, that British traders could give to it. Fomenters of discord during the whole period to which we have referred, they have now labored for its perpetuation.

That war had, however, brought with it a remedy for our evils, for it had, by reason of the secession of Southern Senators, given to the people of the loyal States a power for self-protection of which they had been long denied. The necessity for a re-invigoration of the domestic commerce had now become so very evident that once more there was given to the men of capital *a pledge* that if they would apply their resources to the development of the great mineral resources of the country they should now be certainly protected against the foreigners by whom American competition for the *sale* of iron has been so often and so almost thoroughly destroyed. Past experience was adverse to the acceptance of such a pledge, faith having been so often broken that confidence in the national honor had well nigh disappeared. Nevertheless, it was accepted, and forthwith commenced a forward movement the rapidity of which can find no parallel in the whole history of national development here or elsewhere. But three years have now elapsed since the country first began to recover from the first great shock of civil war, and yet brief as has been the period we are already enabled to show—

I. That the production of pig metal has now attained an amount exceeding 1,300,000 tons; and with so great a development of resources in regard to both fuel and ores that we are warranted in saying, that large as is that quantity, it can be thrice increased in the next four years:

II. That there now exists machinery for the conversion of iron into bars, and into steel, fully capable of supplying the whole present demand, accompanied with a power of increase to an extent equal to any future demand that you, consumers of iron, can, by any possibility, make:

III. That the value of the product of the mines, furnaces, and mills engaged in furnishing coal and iron now exceeds two hundred and fifty millions of dollars, nearly all of which is given to the payment of labor employed in the extraction of coal and ore, in the conversion of the two into the iron that you so greatly need, or in the extension of preparations for the supply of both:

IV. That by thus making demand for labor they are offering large bounties for the importation of men who come here to eat American food while mining coal or ore, building houses or ships, constructing machinery of transportation and manufacture by means of which value is given to land, or farms on which they

and their children may raise the food required by other immigrants who follow in their footsteps:

V. That the market for food that, directly or indirectly, is thus *annually* made for the produce of the farm, by these two great branches of industry, is therefore greater in amount than was the total export thereof to Europe in the whole fourteen years from the commencement of vitality in the British Iron Masters' Tariff of 1846 to the breaking out of the rebellion of which that tariff has proved to be the cause:

VI. That, at the lowest estimate, the contributions to the internal revenue, State and national, consequent upon the creation of this immense market for food and labor, and the increased value given to labor, land, and their products, must be taken at eighty millions of dollars; and—

VII. That, notwithstanding the heavy burthens that have been laid on this great industry, notwithstanding the extraordinary increase in the price of labor of all descriptions, and notwithstanding the reduction of the American producer to a level, so far as protection goes, with his British competitor, the latter is even now so far undersold in our own market that American furnaces and rolling-mills supply the whole American demand.

That *our* duty has been performed, and that all the pledges which may have been given for us have been redeemed, are facts of which we thus furnish evidence that cannot be questioned. Has that of the nation been performed? *Has it kept faith with us?* Has *it* redeemed the pledge of protection given at the time when, in the day of its distress, it invited us to devote our lives, and give our time, our mind, and our means towards the re-establishment of that competition with British iron masters for the *sale* of iron which, under the blighting influence of the British free trade tariffs of 1846 and 1857, had so nearly disappeared? Let us inquire.

In March, 1861, before the imposition of any internal tax whatsoever, the protection to be given to railroad bars was fixed at $12 per ton, and it was then well understood to be the very least that could with propriety be accepted by the parties who were thus to be invited to engage in that important and expensive work.

A year later, heavy taxes having been imposed on many articles used in manufactures generally, there was granted to all of them, with the single exception of railroad bars, an additional five per cent. On that one excepted commodity, which now makes demand

for nearly 500,000 tons of pig metal, the increase was limited to the exact amount of the direct tax, $1 50 per ton, no allowance having been made, as in other cases, for the taxes on coal, lime, or other materials, nor for many others, including that on incomes. We have here the first violation of the pledge given in 1861.

At the last session of Congress, pig-iron was taxed $2 per ton, equivalent to nearly $3 on a ton of bars. The taxes on coal and other materials were largely increased. That on railroad iron itself was more than doubled. Others were imposed too numerous here to recapitulate—the general result being, that our various contributions, consequent upon the existence of the war, have now been carried up to $10 per ton. Was the duty on foreign iron correspondingly increased? Was the pledge given in 1861 now redeemed? On the contrary, such was the agitation on the part of many of you, gentlemen, consumers of iron, urged thereto by British emissaries, that the duty on foreign iron was *reduced to exactly the point at which it had stood when domestic iron had been free from all such charges.* Thus for the second time was the national faith violated, and this time on so grand a scale that we find ourselves now placed in a position, as compared with the foreigner, worse than was that we occupied under the ultra free trade tariff of 1857. Then, *we* had some slight protection. Now, the foreigner, as we shall show, is *protected against us.*

Before doing this we must, however, consider the present transient protection resulting from the fact that the cost of British iron, and the duties on it, must be paid in gold, the premium thereon being all that now remains to us as offset against a duplication, even where not a triplication, of the cost of labor and its products. No part of that, however, do we hold because of any exercise of power by Government, from which we yet hold the pledge given in 1861, now waiting to be redeemed. So far the reverse of this is it, that time and again has its Finance Minister given his best efforts for the removal of the only protection thus left to us. Time and again has it listened to proposals for its removal coming from foreigners who see therein the only remaining bar to the flooding of our markets with the produce of foreign mines, mills, and furnaces. Time and again have there been, on the part of Congress, efforts at movement in that direction. Time and again have we been assured by leading Republican journals that with any increase in the prospect of peace there must be a growing tendency towards

the breaking down of that only barrier which stands between the great fundamental industries of the country and utter ruin. The great iron consumer spares no effort for the accomplishment of that object, and therein all the lesser consumers unite with it heart and hand. Busily as the paper consumers are employed in striking from under their feet that great branch of manufacture which furnishes the foundation on which they stand, even more so are you, gentlemen, iron consumers, engaged in undermining the foundations on which now stand the paper-maker and the printer, the spinner and the weaver, the ship-owner and the railroad proprietor, the machinist and the architect, the city and the county revenues, the State and Federal Governments. All of these, large consumers of iron, are now anxiously awaiting the time when, to the already violated faith of the Union there shall be added that conversion into gold of the taxes that have been so *heaped up* on us—graduated as they had been by a paper standard—which shall, when connected with public storage, place the foreign producer in the enviable position of being PROTECTED BY THE AMERICAN GOVERNMENT AGAINST THE AMERICAN IRON MASTER. All of them seem to be of the belief that by thus annihilating American competition for the *sale* of iron and increasing American competition for the *purchase* of British iron their demands must be more cheaply supplied. All of them have forgotten the lesson taught by the repeated crises of the British free trade tariffs of 1816, 1833, 1846, and 1857. All of them, finally, seem to be of the opinion that when the foundation upon which now rests our whole social system shall have been removed, the edifice will yet remain unharmed. It is a sad delusion, but as it exists we find ourselves required to look it fully in the face and determine what it is that our duty to our country and to ourselves requires us to do in the state of things that has been produced.

With the restoration of peace there will arise a demand for labor throughout the South that must tend greatly to prevent any material decrease in its price throughout the North. Tobacco and cotton fields will thus become competitors with the furnaces, mills, factories, and other establishments now in existence, and these latter must for a considerable period of time be compelled to choose between paying high wages, on the one hand, and closing their works on the other. The present rate of wages in the coal and iron trades is little less than treble that of England, and how little the latter

can be expected to rise is shown by the facts, that the Scottish miners, at the close of a turn out, on which they expended all their means to the extent of $7,500,000, have recently been obliged to give in and return to work under the wages against which they had rebelled; and, that the very latest *Iron Trade Circular* (Birmingham) advises its readers, that "the present state of the iron trade in all parts of the country, both in North and South Staffordshire, South Wales, and the Cleveland districts, justifies, or rather we should say, forces their masters to call upon the men for a reduction of wages." Such being the case, it is clear that it is not in that direction we can look for any change by which we might hope to profit. Further even than this, British wages must rise so soon as the "wealthy English capitalists" shall have had the way opened to them for crushing out American competition, and then immigration must, as we feel assured, fall to a point lower than any it has touched since the terrific crisis of 1842. In that direction, then, we cannot look for help.

Taxes *must* be maintained at the present standard should that continue practicable. Further, indeed, than this, they must, wherever possible, be increased, as the nominal amount of business declines with the decline of prices. Incomes will count far less in gold than they now do in paper. Sales will do the same, and the gold received, admitting the quantity of goods sold even to remain the same, will be one-half less than that now received in paper. The interest on the debt will remain undiminished. So, too, must it be with soldiers' and sailors' wages, and the salaries of officers, civil, military, and naval—all of whom will then be enabled to purchase twice the quantity of commodities they can now command. Looking at all these facts, it seems to us to be quite clear that to meet the demands of the Government it will be needed that, wherever possible, the taxes shall be raised. That they cannot be reduced is absolutely certain.

Labor, for a time at least, remaining unchanged, and taxes continuing to be collected on coal, oil, &c. &c., the cost of all the materials of iron must continue to be so high as to afford to the iron master only the choice between closing his works, on the one hand, and ruin on the other. Transportation, the charge for which has now been carried up to a point so terrific, will remain for a time unchanged. Railroad companies, having tasted the sweets of such

high charges, will certainly try the experiment of breaking their customers before they abandon them.

Interest must rise as bank loans decline in their amount. In all past crises it has been from three to six times higher than has been paid by "wealthy English capitalists" when they have been compelled to carry heavy stocks of iron.

Taking all these things together we think it quite safe to say that, for the first year at least, the cost to the American iron master of producing and transporting a ton of bars will be greater by *twenty dollars* than will be that of a ton produced in England at the present low rate of wages. Against this there will be a difference of *two dollars* in the taxes. The protection of the "wealthy English capitalist" will be complete, but where then will stand those American rivals who have now so completely occupied the domestic market as to have greatly reduced English wages, and thus paved the way for immigration from the British soil of tens of thousands of her workers in coal and iron, whose services have so much been needed? Once here, they and their children would forever be customers to the farmers of the Mississippi Valley. Forced to remain where they are they will, as heretofore, eat the food of Russia or of Egypt. That they *will not* come under a system that protects the British capitalist against his American competitor is very certain. The importation of such machinery, capable of making engines, while reproducing themselves, *of the past year*, is worth more to the country than all the iron that has ever come to it from British furnaces since the unfortunate repeal, under Carolinian threats of secession, of the protective tariff of 1828.

Such being the existing state of facts, and such the prospects, we have now to determine what we ourselves should do. To attempt, under such circumstances, to maintain a competition for the *sale* of iron, could result only in a gradual depletion of every ironmaster in the country, and in the abandonment of his works after he should himself have been ruined. The day of high prices would then come round again, but there would exist no person to profit of it. By withdrawing at once, before the day of exhaustion had commenced, we should, on the contrary, retain ourselves in a position to resume work when the day should have arrived for giving a new pledge of the faith that has been so often, and, as we think, so discreditably violated. By adopting this latter course, we should retain the

power to aid in the re-establishment of that internal commerce upon which the country is now so entirely dependent for the power to maintain the Government. By pursuing the former, we should speedily place ourselves in a condition to require aid, instead of granting it. After full consideration, therefore, we have arrived at the conclusion that we should best perform our duty, both public and private, by withdrawing from competition with those "wealthy English capitalists" who are now so anxious to sell cheap iron, and who have always doubled their prices so soon as they had annihilated their American competitors. You will, therefore, please to receive this as a notice that from and after the first of March next our works will be closed, and you will be free to make such arrangements in regard to the supply of iron as best may suit your convenience.

Should, in the mean time, any of you be disposed to commence the work of producing iron that is to pay nearly as much in taxes as the foreign product pays in the form of duties, you can, as we think, be supplied with any number of furnaces and mills at their actual cost, and in very many cases at less than cost.

Yours, respectfully, A. B.
C. D.
E. F.

Such, as it appears to me, is the course that duty requires of the ironmasters of the country to pursue. Past experience proves that there can be no reliance on the pledges given to them when the country needs their aid. Foreign emissaries haunt the halls of Congress, and their presence there is not alone tolerated, but actually courted, by gentlemen who can see advantage in enabling a constituent to save a dollar or two upon a few thousand tons of iron, and who cannot see that the power to buy iron at any price has resulted from American competition for the *purchase* of the products of the farm, and for the *sale* of those yielded by the mine, the furnace, and the rolling-mill. It is time, therefore, that they should now abandon the position they so long have occupied, that of supplicants for mercy, and, as the best mode of serving the country, maintaining its revenue, and thus enabling its Government to live, take at once the true ground that, in ceasing to grant protection, the iron consumers have lost all claim upon them for the performance of duties.

It may perhaps be charged that this would be combination. It would be so, and the time has come for it. The country has now to carry on a war with foreign capitalists and their agents, for the maintenance of its credit, for the perpetuation of the Union, and for the conversion of the Declaration of Independence into something more than a mere form of words, and it will be worsted if the honest people of the country do not combine for its support. By so doing, they will speedily be enabled to obtain from foreign nations indemnity for the past and security for the future, for in that combination they will be sure to find *the way to outdo England without fighting her.*

To enable ourselves to succeed we need only that stability of action which shall give to the capitalists security against foreign agitation. But a few days since one of the largest importers of British iron expressed to one of my friends a wish that Congress should take such decided action as would warrant him in turning his capital from the importation to the production of this most important commodity, the materials of which so much abound throughout the Union. Let it but do this and the day will then be close at hand when the annual production will count by millions of tons, and when our farmers will be relieved of all necessity for crushing down, in the regulating market of the world, the prices of all their products. The *annual* saving thereby produced would be greater in its amount than the value of all the iron imported into the country since the Peace of Ghent.

In my next I shall ask your attention to the Farmer's Question; meanwhile, my dear sir, remaining,

Yours, very truly,

HENRY C. CAREY.

Hon. SCHUYLER COLFAX.

PHILADELPHIA, January 16, 1865.

THE FARMER'S QUESTION.

LETTER NINTH.

Dear Sir :—

In a former letter the money value of the products of our coal and iron mines, our furnaces and rolling-mills, was stated as being little less than two hundred and fifty millions. Following that iron through the foundries and machine shops we shall find that those industries are this day yielding to the nation commodities whose market value certainly exceeds *four hundred millions;* and then following their proceeds we find that nearly the whole is distributed among the men who own the land and those who cultivate it. Hence it is, that whenever those two great industries prosper the farmer prospers; and that when they suffer he too becomes a heavy sufferer.

Are the facts so? it may here be asked. *Are* their proceeds so applied? Let us see.

Of this vast sum a very large proportion is distributed among the men who mine our coal and ore—men who aid in transporting them—men who aid in converting the two into iron—men who puddle the iron and roll the bar—and other men who convert the bar into hoes, spades, axes, knives, and engines. What becomes of it then? They buy food for their families and themselves, all of which comes from American farmers. They purchase clothing made of Western wool or Southern cotton, and converted by means of men and women who tend the spindle and the loom while eating the food of Iowa and Minnesota. They buy houses composed of bricks and lumber, the one made, and the other cut and brought to market, by men who eat the pork of Ohio and the corn of Indiana or of Illinois. They buy newspapers whose types and paper represent the hams of Kentucky, the wheat of Pennsylvania, and the butter and cheese of New York, while its press represents the food consumed in workshops which, in the wonderful character of the

machines turned out, furnish to the world such conclusive proof that were American farmers but true to themselves American ingenuity would speedily relieve them from the necessity for employing themselves in raising food for distant markets, the proper work of the barbarian and the slave, *and of them alone.*

A part of this vast sum goes, however, to the owners of land that yields coal, ore, or lime; another, to those who own furnaces, in which the three are converted into iron, or shops in which iron is converted into machinery to be used by the farmer, the weaver, the locomotive builder, and the builder of ships; and we may now inquire what becomes of *them.* These men have families, and those families likewise need food that comes from American farms; clothing all of which, were our farmers true to themselves, would represent the products of American agriculture; houses which represent the labors of brickmakers and bricklayers, lumbermen, carpenters, masons, workers in coal, and workers in iron, all of them men who help to make the great market in which exchanges of food to the annual extent of thousands of millions of dollars are now made. The profits of some of the owners of the great works from which are now annually turned out so many millions of tons of coal, so many hundreds of thousands of tons of iron, and so many engines, are, however, as we know, greatly in excess of their expenditure. What becomes of the surplus? A part of it is applied to the extension of their works, and thus is created demand for labor, enabling many to obtain food and clothing who otherwise might be unemployed and therefore unable to purchase either. Another part goes to the making of railroads, thus creating a further demand for labor, and giving the farmer a purchaser for his pork and his corn while at the same time increasing his facilities for reaching the distant markets. Another part, perhaps, is lent to the Government, and thus aids it in paying the farmer for the food, the clothing, and the machinery required by our armies in the field. Thus, of the whole five hundred millions, large as is the sum, it may, as I believe, be safely assumed that more than ninety per cent., and perhaps even ninety-five, goes directly, or indirectly, to the payment of labor that is employed in clearing and cultivating the land.

Turning now back to the period of the British free trade tariffs of 1846 and 1857, we see that hundreds of millions worth of foreign iron had been imported—part of it in the form of knives

and razors, very much of it in that of mere pig metal, and hundreds of thousands of tons in that of rails to be laid on lands the larger part of which abounded in fuel and in ore waiting alone the application of labor to their extraction and conversion. Why was this? Because the system of that day had been framed in obedience to orders issued by the men who since have been employed in building pirate ships to be used in driving from the ocean the stars and stripes; in fitting out other ships for running our blockade; and generally in giving to the rebellion that aid, material and moral, by help of which a war that should have been finished in a year has been prolonged throughout a whole Presidential term, and at a cost of hundreds of lives and hundreds of millions of property that might otherwise have been saved.

For the iron thus imported we have paid hundreds of millions of dollars. What became of *them?* Did the people who mined the coal and the ore employed in making *that* iron eat American wheat? Did *they* wear clothing composed of corn raised in Iowa and wool sheared in Ohio? Did *they* occupy houses built with lumber representing the food of Michigan or Minnesota? Did the workmen who built the houses *they* occupied consume potatoes raised in Maine, or cabbages raised in Pennsylvania? For an answer to these questions I give you the following figures representing the wheat, the wool, the flour, the pork, and the lumber exported—not alone to the country from which we had the iron, but to France, Belgium, and Great Britain, the countries which have deluged us with the silks, the woollens, the cottons, and the iron by means of the purchase of which we have been involved in a foreign debt of $500,000,000 that now makes upon us, *for the mere payment of interest*, a demand to meet which requires not less than $30,000,000, a sum more than half the product of California. The years I have taken are the three which immediately preceded the breaking out of the great rebellion. The country had then for more than a decade enjoyed the *blessings* of that British free trade which, as we were assured in 1847, was destined, before the lapse of twenty years, to make a demand for American food whose *annual* amount would count by hundreds of millions of dollars. To what extent those predictions have been realized will be seen by the following figures:—

	Total Export.	To Great Britain, France, and Belgium.
1858.		
Pork	$2,852,492	$360,000
Indian corn . . .	3,259,039	2,163,000
Lumber . . .	1,240,000	215,000
Wheat	9,061,000	6,436,000
Wheat flour . . .	19,328,884	5,006,000
Wool	389,512	15,000
1859.		
Pork	3,355,746	563,000
Indian corn . . .	1,323,103	281,000
Lumber . . .	1,001,216	247,000
Wheat	2,849,192	1,402,000
Wheat flour . . .	14,493,591	1,147,000
Wool	355,563	129,000
1860.		
Pork	2,852,942	371,000
Indian corn . . .	3,259,039	1,894,000
Lumber . . .	1,240,425	475,000
Wheat	9,061,504	6,389,000
Wheat flour . . .	19,328,880	5,133,000
Wool	211,861	141,000
Total . . .	$95,463,989	$32,367,000
Annual average .	31,821,330	10,789,000

The annual average, as here is shown, of the demand for these important commodities by the three great manufacturing countries of Europe, was less than $11,000,000, or little more than 16 cents per head of their total population. A single hundred thousand of their people attracted here by large demand for labor and liberal wages, would furnish a market for the various products of the land much greater in its amount.

The great European market for food that had been promised to our farmers had, as we see, totally failed. Had the deficiency of demand thus produced been in any manner made up by immigration? On the contrary, the number of foreigners coming here to sell their labor was less in those years, as has been shown in a former letter —less, too, by thirty per cent.—than it had been in the year in which the British iron master's tariff of 1846 first became endued with power for mischief.

Under the free trade tariff of 1841–2 the markets furnished by the coal and iron industries of the country could but little have ex-

ceeded $50,000,000. Under the protective tariff act of 1842, that market thrice increased in size, having, in less than half a dozen years, grown to $150,000,000. In the same time immigration had also thrice increased, and as every immigrant became a consumer on the moment of his arrival, whereas one year at least must elapse before any one of them could make the slightest addition to the quantity of food produced, *it followed that to the whole extent of their consumption of food, of wool, of cotton, of lumber, and of all other of the products of the land, they constituted an addition to the farmer's market.* Admitting that their average power to earn wages amounted to but $150 a year, the addition amounted to $25,000,000. The movement had, however, then only just commenced. The more iron made in 1846 the greater was the quantity required in 1847; and the more made in this latter year the greater would have been the quantity required in 1848, '49, and '50; and the greater the immigration of 1847 the more would have been its tendency to increase in each and every of the succeeding years, had protection been maintained. Had it been so, our coal and iron industries would this day amount to more than $1,000,000,000, making demand to nearly the whole of that vast amount for the fruits of the earth, while immigration would by this time have been giving us a million per annum of European workmen, consumers, from the moment of their arrival, of the products of American farms, and busily engaged in the work of further increasing by procreation the number of mouths requiring further supplies of food and wool.

We were told, however, that iron masters were too rapidly growing rich; that the taxes imposed for their benefit on iron consumers were so great that they amounted to more than the whole price at which their finished products could be bought; that the farmers were thus made mere "hewers of wood and drawers of water" for great monopolists; that protection closed the markets of Europe against their "breadstuffs;" that we were essentially an agricultural people, and so likely to remain; that we therefore needed free trade; and that, for all these reasons, the protection should be abandoned. It *was* abandoned, and we have now the result in the facts, that we had given up a domestic market among the producers of coal, iron, copper, lead, and cloth, which then amounted to hundreds of millions, and would since then have arrived at thousands of millions, and had, at the close of the system

inaugurated in its stead, obtained in exchange a market which took from us of pork, corn, wheat, flour, wool, and lumber, less than $11,000,000 a year, *or one-third of a dollar per head of our then population.* Such had been the results obtained in 1860 by means of agitation on the part of those British agents by whom had been represented in 1846, in the Halls of the Capitol, those wealthy capitalists of England whose first desire was that food might be obtained more cheaply while iron should command a higher price.

Did *they* obtain their end? To obtain an answer to this question we may here compare the prices in the New York market at the commencement and the close of that period of the British free trade system which dates from December, 1846. As given in a table now before me, they are as follows:—

	1847.	1858.	1859.	1860.
Wheat flour . .	7 68	4 25	5 50	5 50
Rye flour . . .	5 06	3 40	3 75	3 50
Corn meal . . .	4 62	3 50	3 90	3 80
Pork	14 93	18 35	16 35	17 75
Mess Beef . . .	12 00	11 50	8 25	5 25
Butter . . .	25	25	22½	18

In the period intervening between the first and last of these dates, California and Australia had given to the world probably $800,000,000 in gold, and yet, instead of increasing as it should have done, the power of the farmer to obtain money in exchange for his products had largely diminished.

The reason for this was to be found in the fact, that determining to go abroad to get his iron and his cloth he had destroyed his great market. To what extent this had been done you may, my dear sir, judge for yourself after referring to an extract from an Address of one of the Charitable Societies of New York, given in a former letter, but here reproduced because of its important bearing on the question now before us:—

"Up to the present the Association has relieved 6,922 families, containing 26,896 persons, *many of whom are families of unemployed mechanics* and widows with dependent children, who cannot subsist without aid. As the season advances the destitution will increase. Last winter it was thrice as great in January as in December, and did not reach its height until the close of February."

This paper bears date more than a year previous to the great crisis of 1857. Subsequently thereto the state of things was very

far worse than that above described. Our public warehouses were filled with foreign merchandise, always ready to supply the material of auction sales. Our auctioneers, constantly at work, supplied wholesale and retail dealers, at prices fixed by themselves. Our shops were gorged so thoroughly with foreign food and labor in every form, from the coarsest woollens to the finest silks, as to leave no place for the domestic food and labor that sought a market. Such was the mode of "warfare," by means of which "*the most wealthy capitalists*" of Britain *had been enabled to "overwhelm all foreign competition in times of great depression, and thus to clear the way for the whole trade to step in, when prices revived, and to carry on a great business, before foreign capital could accumulate to such an extent as to be able to establish a competition in prices with any chance of success.*" Such, my dear sir, was the sort of warfare, by means of which Ireland and India had been ruined, without the necessity for firing a gun, or drawing a sword. Such was the warfare against which your fellow-citizens, for ten years previously, had sought, but vainly sought, to be protected—the only answer to the petitions having been, that the duties of the government were limited to the task of protecting itself, leaving the people to protect themselves as best they could.

As a consequence of this it was: that after a growth of pauperism steadily continued during all those years, it suddenly so much expanded that hundreds of thousands of our people were wholly unable to sell their labor, or to purchase food and clothing:

The factories, mills, mines, and furnaces, the cost of which had counted by hundreds of millions of dollars, were then closed, and likely so to remain:

That the power to diversify the employments of society was then declining from day to day:

That, simultaneously therewith, we were adding to our population a million of persons annually:

That the necessity for resorting to the labors of the field, as affording the only means of support, was steadily increasing:

That the supply of food tended, therefore, to augment, as the domestic consumption declined: and

That its price tended, therefore, steadily to fall, and was, at the outset of the war, likely to be lower than had ever yet been known.

The production of iron had largely decreased, as under such

circumstances might readily be supposed. What, however, was its import? Did the figures there presented furnish any evidence of increase of power on the part of the farmer to purchase hoes or ploughs, or on that of the miner to purchase engines? Let us see.

In the three years above referred to there was imported of iron and manufactures of iron, to the extent of $45,000,000, giving an annual average of $15,000,000, or *less than fifty cents per head of our population.* In the hope to secure some trifling reduction in its price our farmer had been persuaded to throw away a market that then amounted to hundreds of millions, and that would, before 1860, have reached thousands of millions, and now the whole amount taken from him of his chief products, by the three principal manufacturing nations of Europe, was barely sufficient to pay for the little iron that he could afford to purchase and the freight upon it; that freight, too, paid chiefly for the use of British ships. As a necessary consequence, the country was running in debt from day to day more deeply, and the interest on that debt was even then absorbing more than half the gold yielded by California. Hence it had been that the prices of the farmer's products had fallen in price as the supplies of the precious metals had so rapidly increased. Busily engaged in selling *skins* at sixpence each, and taking pay therefor in *tails* at a shilling, he had been giving all his efforts at increasing the power of that great combination of "wealthy English capitalists," the primary object of all whose operations had been that of depressing the prices of food and raising the price of iron—diminishing still further that of the skins and raising still higher that of the tails.

The most useful to the British traders of all the British colonies is that one which embraces these United States. Content with the word "independence," Americans take no care to make themselves or their country independent. So far the reverse is it, indeed, that, while talking largely of the Monroe Doctrine, they permit their laws to be dictated to them by British agents, representing "wealthy capitalists," who now seek to perpetuate throughout this Western Continent the system so well described in the following passage by one of their predecessors of the last century:—

"Manufactures in our American colonies should be discouraged, prohibited." * * "We ought always to keep a watchful eye over our colonies, *to restrain them from setting up any of the manu-*

factures which are carried on in Great Britain; and any such attempts should be crushed in the beginning." * * "Our colonies are much in the same state as Ireland was in, when they began the woollen manufactory, *and as their numbers increase, will fall upon manufactures for clothing themselves, if due care be not taken to find employment for them,* in raising such productions as may enable them to furnish themselves with all the necessaries from us." * * "As they will have the providing rough materials to themselves, so shall we have the manufacturing of them. If encouragement be given for raising hemp, flax, &c., doubtless they will soon begin to manufacture, *if not prevented.* Therefore, *to stop the progress of any such manufacture,* it is proposed that no weaver have liberty to set up any looms, without first registering at an office, kept for that purpose." * * "That all slitting-mills, and engines for drawing wire or weaving stockings, *be put down.*" * * "*That all negroes be prohibited from weaving either linen or woollen, or spinning or combing wool, or working at any manufacture of iron,* further than making it into pig or bar iron. That they also be *prohibited* from manufacturing *hats, stockings, or leather of any kind.* This limitation will not abridge the planters of any liberty they now enjoy—on the contrary, it will then turn their industry to promoting and raising those rough materials." * * "If we examine into the circumstances of the inhabitants of our plantations, and our own, it will appear that *not one-fourth of their product redounds to their own profit, for, out of all that comes here, they only carry back clothing and other accommodations for their families,* all of which is of the merchandise and manufacture of this kingdom." * * "All these advantages we receive by the plantations, *besides the mortgages on the planters' estates and the high interest they pay us, which is very considerable.*"—(Gee *on Trade,* London, 1750.)

A century earlier the Germans had ridiculed the people of England as men who sold skins for sixpence and bought back the tails at a shilling. *Protection* had changed all this. It had brought the English artisan to take his place by the side of the English farmer, and now the English trader desired to do by the American colonist what the German had previously done by him—giving his whole efforts to the work of compelling the sale *to* him of skins at sixpence and the purchase *from* him of tails at a shilling. Thus far they had, with us, most thoroughly succeeded, and had done so by help of the very farmers by means of whose plunder they had obtained the power which recently has been so much increased, and of the exercise of which we have now so much reason to complain.

To that great error on the part of American farmers we have

been indebted for the present war. What are the facts bearing on their present condition and future prospects, that have been developed in its course, and what the measures required for enabling us to *outdo England without fighting her*, and thus achieve an independence that shall be something more than a mere form of words, I propose to show in another letter, meanwhile remaining,

Yours, very truly,

HENRY C. CAREY.

Hon. S. Colfax.

Philadelphia, January 20, 1865.

THE FARMER'S QUESTION.

LETTER TENTH.

DEAR SIR:—

THE period, 1858–60, embraced in the returns given in my last, was one of peace, and much of the food of the West yet continued to pass southward on its way to European markets. Wheat took the form of flour, and corn became pork, for the supply of men engaged in raising and forwarding cotton. The latter went abroad, there to be combined with Polish and Russian wheat, to be thence returned to the poor farmer of Wisconsin who was glad to obtain even a single yard of indifferent cotton cloth in pay for a bushel of corn that had been exchanged in the market of Manchester for fifteen or twenty yards. He was thus giving whole *skins* for sixpence and taking his pay in *tails* at a shilling; as a consequence of which he was always in debt, and always glad to borrow a little money, even when obliged to pay for the use of it at the extraordinary rates of 20, 30, 40, 50, and even, as I have understood, 60 per cent. per annum. Why was this? Not certainly because of any absence of fertility in the soil, that of the Mississippi Valley being equal in all natural powers to any other in the world. Not because, as in Europe, of any necessity for paying rent to a greedy landlord, for he had already attained to the position so much coveted by the working class of Europe, that of landed proprietor. Why then was it? Because he had, of his own motion, made himself the mere *serf* of the class whose operations were so well described in the passage given at the close of my last; of that class which desires that food may be cheap and cloth and iron dear; of that one which seeks to compel all the farmers of the world to bring their products to a single diminutive market, there to sell what they have and to buy what they need; of that one which talks of free trade while seeking to create for itself an absolute monopoly of machinery of conversion and exchange; of that one, in fine, which now stands indebted to him

and others like him for all the power which has, in the past four years, been used for the destruction of our commerce on the seas, for the maintenance of the rebellion, and for the annihilation of that Union upon whose prolonged existence is now dependent the whole future of the laboring classes not of America alone, but of the world at large.

The war having closed the South against the products of the West, there arose a necessity for seeking a market somewhere in the East. Where, however, could they have even looked for it, had we continued to maintain that British free trade system under which we had been made so almost entirely dependent upon distant nations for supplies of cloth and iron? Look as they might it could nowhere have been found. Happily, secession brought with it, and on the instant, a power on the part of the North which speedily exhibited itself in the re-adoption of that protective system by means of which the value of the products of our coal and iron mines, our furnaces and rolling mills, has been carried up to two hundred and fifty millions of dollars, making demand, in a thousand ways, for the fruits of the earth to little short of that vast amount. The effect of the creation of this great market exhibits itself in the Message of Governor Yates, of Illinois, just now delivered, the following extract from which is recommended to the careful consideration of the farmers of the country:—

"As a State, notwithstanding the war, we have prospered beyond all former precedents. Notwithstanding nearly two hundred thousand of the most athletic and vigorous of our population have been withdrawn from the field of production, the area of land now under cultivation is greater than at any former period, and the census of 1865 will exhibit an astonishing increase in every department of material industry and advancement; in a great increase of agricultural, manufacturing, and mechanical wealth; in new and improved modes for production of every kind; in the substitution of machinery for the manual labor withdrawn by the war; in the triumphs of invention; in the wonderful increase of railroad enterprise; in the universal activity of business, in all its branches; in the rapid growth of our cities and villages; in the bountiful harvests, and in an unexampled material prosperity, prevailing on every hand; while, at the same time, the educational institutions of the people have in no way declined. Our colleges and schools, of every class and grade, are in the most flourishing condition; our benevolent institutions, State and private, are kept up and maintained; and, in a word, our prosperity is as complete and ample as though no tread of armies or beat of drum had been heard in all our borders."

It may be said, however, that the Government demand for food has had much to do with the change for the better that is here exhibited. Whence, however, has the National Treasury obtained the means by which it has been enabled to pay its troops and buy their food? Whence have come the vast sums required for fitting out our present enormous fleets? Whence have come those required for constructing roads in Illinois and other Western States? Why is it that the people have been, in time of war, enabled to do so much when in the previous time of peace they could do so very little? For an answer to all these questions, my dear sir, allow me to ask you to look to the following exhibit of the movements of the New York savings banks in the last seven years:—

	No. of Banks.	Amt. of Deposits.	No. of Depositors.
Jan. 1, 1858 . . .	54	$41,422,672	203,804
" 1859 . . .	56	48,194,847	230,074
" 1860 . . .	64	58,178,160	273,697
" 1861 . . .	71	67,440,397	300,693
" 1862 . . .	74	64,083,119	300,511
" 1863 . . .	71	76,538,183	347,184
" 1864 . . .	71	93,786,384	400,194

We have here 400,000 little capitalists, the average of whose savings is but $235, giving us a total of little less than a hundred millions of dollars. Two of those banks are specially devoted to the care of the funds of immigrants, and the following figures exhibit the extent of their operations:—

	Resources.	No. of Depositors.
Jan. 1, 1860	2,442,048	10,360
" 1861	3,420,321	14,838
" 1862	3,471,777	14,365
" 1863	4,475,291	18,621
" 1864	6,056,600	24,151

Turning now to Massachusetts, we find the increase of deposits in the four years, 1860–63, to have been more than a third of the total amount deposited in all the long period that previously had elapsed. The actual increase was $17,503,000, of which no less than $12,150,000 took place in '62 and '63. The mere savings of two States, in two years, thus present us with an increase of capital exceeding $40,000,000, a sum that is one-half as great as that of the whole British capital that, twenty-five years since, had been applied to the building of the mills, workshops, and warehouses,

and to the creation of the machinery, required for the then gigantic cotton manufacture.

When furnaces and factories are being increased in number labor is in demand, wages rise, immigration grows, and the power of accumulation increases; and hence it is, that with every step in that direction we witness a manifestation of greater power for further progress. From '58 to '61, notwithstanding a large increase in the number of New York banks, and consequent wide extension of their field of operations, the increase of deposits was but $26,000,000. The first year of the war brought with it a shock that caused suspension of business, accompanied by great decline of wages, and the result, as we see, exhibited itself in a large diminution of deposits. The second year of war brought with it that revival of demand for labor which had always previously attended the re-establishment of protection, and with it came an increase of deposits amounting, in the two succeeding years, to little less than $30,000,000. That increase, too, was obtained without any extension of the field of operations, the number of banks in the last year having been actually less than it had been two years before.

With the increased demand for labor consequent upon the creation of a great domestic market for food the whole country has become one great savings' bank, as a consequence of which the State and Federal Governments have been enabled to collect thousands of millions where before they could scarcely obtain hundreds, the people meanwhile creating for themselves machinery of production and transportation to an extent greater than ever before had been created in the same period of time in any country of the world.*

It may be said, however, that there has been a European demand for our provisions and our bread-stuffs, and such has certainly been the case. Just at the moment when the Southern demand ceased Providence was pleased, in mercy to us, to afflict the people beyond the Atlantic with two successive crops both of which were much below the average, and thus was created one of those unexpected demands for which, under the British free trade system, our far-

* In 1857, there were in operation 26,210 miles of railroad. In 1861, 31,800, giving an average increase of 1,120 miles per annum. Last year there were 35,000, giving an annual increase of 1,067 per annum—that obtained, too, at a time when the demand for services in the mills, mines, and factories of the country, and in the field, had doubled, even where it had not trebled the price of labor.

mers are compelled so fervently and so frequently to pray, though knowing well that short crops abroad must bring famine, distress, and ruin to thousands and tens of thousands of men who, like themselves, have wives and children to support. The momentary effect exhibits itself in the fact that in the three years ending June 30, 1863, our exports of the principal articles of food were as follows:—

	1860-61	1861-62	1862-63
Wheat . .	$38,313,624	$42,573,295	$31,430,270
Flour . . .	24,645,289	27,534,677	25,458,989
Corn . . .	6,890,865	10,387,383	3,321,526
Pork . . .	2,609,818	3,980,153	4,334,775
Hams and bacon	4,729,297	10,004,521	15,775,570
	$77,188,893	$94,480,029	$80,321,130

What, however, were the prices at which these commodities were given to the European world? What was the great bonus that even then, in times of scarcity, was paid to American farmers in return for closing up in 1846 a market among our miners of coal and iron, lead and copper, that would before that day have amounted to thousands of millions of dollars? Let us see.

As given in the Reports of Commerce and Navigation, the export prices, reckoned for the first year in gold, and for the subsequent ones in paper, were as follows:—

	1860-61	1861-62	1862-63
Wheat, per bushel . .	$1 22	$1 29	$1 33
Flour, per barrel . . .	5 00	5 70	6 40
Corn, per bushel . . .	62	55	66
Pork, per barrel . . .	17 00	13 00	13 00
Hams, &c., per pound . .	10	8½	10½

Deducting from these prices the heavy charges of transportation and converting the balance into gold it must be clearly seen that it is not in that direction we are to seek the cause of the improvement now observed in the condition of the agricultural population of Illinois and other loyal States. Where then shall it be sought? *In the direction of the production of commodities that do not bear transportation, and that are dependent for a market upon the domestic demand alone.* Read over, my dear sir, the passage above given as descriptive of the condition of Illinois, and you will see that it indicates demand for commodities whose bulk, or whose delicacy, forbids transportation. Potatoes and turnips, of which the

earth yields by hundreds of bushels to the acre, cannot be raised where the domestic market has no existence. When, however, the coal mine, the lead mine, or the iron ore mine, comes to be opened, the market is at once created, and it extends itself with every new furnace, every new factory, every new rolling mill, until at length the farmer everywhere obtains the power to determine for himself whether to raise thousands of bushels of potatoes, or hundreds of bushels of wheat; and then it is that the Declaration of Independence becomes to him something more than a mere form of words; then it is that it becomes a reality and a blessing.

That independence, however, is precisely what the "wealthy English capitalist" does not desire that he shall obtain. What *he* desires is, that the distant farmer shall have no market near him; that he shall be compelled to limit himself to the production of commodities of which the earth yields little, and that can, therefore, go to that distant market in which Russian, Polish, German, Egyptian, and American food producers are to contend with each other as to which shall sell most cheaply—then again competing with each other for raising the prices of all the commodities they need to purchase. In this manner it is that *he* buys *skins* at sixpence while selling *tails* at a shilling. By this it is that he is enabled to put into his own pocket three-fourths of the produce of the labor of those poor and distant *serfs* to whom occasionally, and as a great favor, he lends a little of his surplus profits to be applied to the making of new roads by means of which population may be more widely scattered, while he himself is thereby relieved from the danger of any increase in the competition for the *purchase* of wool, rags, or corn, or for the *sale* of cloth and iron, the commodities of which he is the owner.

The market whose prices for food regulate those of all the world is that of Great Britain. Whatever raises prices there raises those of New York and Boston, Chicago and St. Louis. How trivial was the quantity that in the first three years of the war was absorbed by that market, and how low were the prices obtained, have above been shown. Why were prices, at a time of real scarcity, so very low? Because we had so much to sell. Had only one-fourth of what we sent been retained at home for the consumption of men engaged in mining coal and ore and making iron, while another fourth had been retained for the supply of men, women, and children coming from abroad to work in our mines, our factories, and our

fields, *we should have obtained almost as much for the remaining half as we did obtain for the whole.* That, however, is not all. Had we sent but one-half the quantity, and had the difference of price thus produced been but a single shilling sterling per bushel, that difference would have been felt by every bushel of the whole thousand millions produced in the loyal States, giving to be divided among their producers *an additional two hundred and fifty millions of dollars*, and enabling them to buy more cloth and more iron, and thus to live better, while so improving their machinery of production as to give them greatly more to sell in succeeding years. Had it made, *as it certainly would have done*, a difference of eighteen pence a bushel, the difference to our farmers—leaving altogether out of view corresponding differences in the prices of all their other products—would have been *little less than four hundred millions.* That amount, at the least, is it that they have paid in each of the last three years, for having, during a long period of years, so repeatedly crushed out the cotton and woollen manufactures, the coal, iron, and other important branches of industry; and in that way it has been that they have built up, at their own cost, "the large capitals" which have so systematically been used by our British *friends* as "the great instruments of warfare against the competing capital of other countries." They, themselves, make the whip whose lash they so severely feel. They, themselves, fashion the club by means of which they are struck down at the feet of their foreign masters. They, themselves, by tolerating among their Representatives a perpetual agitation of the British free trade question, are now paving the way for a return to a state of colonial subjection greater than has existed at any period since the peace of 1783.

For proof of this allow me now to request you to look at the consequences that must inevitably follow from the recent action of your House in regard to the paper manufacture. Under that action printing paper can no longer be made in this country, and we have now to choose between going abroad for $25,000,000 of paper, or dispensing with our usual supplies of journals and of books.

Under the action of the last session we shall, whenever the price of gold falls, be obliged to go abroad for, as I believe, the whole of the iron now produced, and the whole of the coal now employed in making iron. Taking these two items together, and placing them

at a gold value of only $150,000,000, the question now arises as to how we are to pay for them? Seeking an answer to this question we are led naturally to look to the state, in regard to prices and demand, of the great regulating market of the world, and, fortunately, one of the New York journals of the day furnishes, in an extract from a Liverpool letter, all the information that we need, as follows:—

"The wheat market continues without a symptom of revival. If your supplies were to fall off Germany would at once begin to increase her consignments to us. *The possibility of a rally in our home prices is thus effectually prevented, and the year closes with the price of bread at a point lower than has been known within modern experience.*"

Germany and America thus contending for the supply of a diminutive market, prices are "lower than have been known within all modern experience," and the market presents no "symptom of revival." In this state of things it is, that we are arranging for drawing from Europe hundreds of millions of dollars worth of paper, coal, and iron, to be paid for by crowding on the British market all the flour and all the pork and beef now employed in fabricating the first, and in mining and converting the others! Such being the tendency of all our present legislation, am I, my dear sir, much in error in asserting that, often as our farmers have been "brayed" in the British free trade "mortar" their "foolishness" has not yet "departed from them?"

All that has thus far been done towards increasing our dependence on the diminutive British market constitutes, however, but one of the steps in that direction. The repeal of the paper duty has rendered necessary a movement towards the abolition of all duties affecting the materials required for the paper manufacture. Of these soda ash, of which our consumption is probably 40,000 tons, is one of the most important. Why have we not made it? Why do we not now make it? Why is it that the Iowa farmer has been using his corn as fuel when there were thousands and tens of thousands of European men who would gladly have come and eaten it while engaged in converting into soda ash the coal, the lime, and the salt that underlie so much of the land of the Mississippi Valley? Because the country gives to the capitalist no security that he shall not be crushed out of existence after having expended hundreds of thousands of dollars in the erection of works required for the conversion of raw materials into the commodity we so

greatly need! In the absence of such security, and in the presence of agitation such as has now succeeded, so far as your House, my dear sir, is concerned, in crushing out one of the greatest and most fundamental of our industries, we shall be required to continue year after year to give to our masters, the "wealthy capitalists" of England, corn in its natural state at a few cents per bushel, buying it then back again in the form of bleaching powders at pence per pound—thus giving the skin for sixpence, and repurchasing the tail for a shilling.

It being required of us that we now abandon the protective system, and look once more to Europe for that great market which, as we were assured in 1847, was before this time to take from us "breadstuffs" to the annual amount of hundreds of millions, it may be well here to inquire what it is that that system has done for our farmers in the short period that has elapsed since the abdication of Southern masters gave to the North once more the power of self-protection.

The total export from the port of New York, exclusive of specie, in the week ending January 24, is given by the *Evening Post* at $6,333,663. Of this there appears to have been of breadstuffs and provisions going to those European markets from which we are likely henceforth to be obliged to draw our paper and our iron, as follows:—

Beef	500 tierces.
Flour	110 barrels.
Bacon	49,228 pounds.

In the same week the exports from Boston amounted to $481,447, in which were included 151 tubs of butter for Liverpool. Of an export, from those two ports, of nearly seven millions, the whole amount of breadstuffs and provisions for Europe did not exceed $30,000, or less than *one-half of one per cent.* How the remainder of the vast sum was made up will be seen on an examination of the following list of exports to the Argentine Republic, which presents a very fair specimen of the whole, as given in the *Shipping List:*—

Sewing Machines	cases	142	Drugs	pkgs.	185
Hoop Skirts		21	Glassware	cases	81
Furniture		280	Hardware	pkgs.	438
Clocks		182	Petroleum	galls.	3,158
Manufactured Tobacco	lbs.	17,975	Wax	bbls.	10
Oars	pcs.	500	Naval Stores	pkgs.	20
Oak		235	Hops	bales	38
Varnish	bbls.	26	Woodenware	pkgs.	126
Spirits Tar	galls.	50	Pepper	bags	496
Shoe Pegs	bbls.	55	Cloves	bales	100
Nails	kegs	306	Lumber	feet	470,896
Perfumery	cases	75			

These articles, my dear sir, are merely the food of the laborer in another and higher form; and thus it is that, to the weekly extent of millions of dollars, our farmers are enabled, by means of a diversified industry, to relieve themselves from the necessity for foreing their products on the already glutted market of England. The total export of breadstuffs to Great Britain and Ireland, in the last five months, as given in a table now before me, has been as follows:—

Flour	59,998 barrels.
Wheat	1,305,183 bushels.
Corn	56,933 bushels.

To the Continent there have gone 2,669 barrels of flour, and 68,521 bushels of wheat. Such is the great European market to which we are now advised to look for all our supplies of cloth, paper, and iron! Such is the market in whose favor we are now required to sacrifice coal and iron industries whose total products, in their various forms, now exceed four hundred millions of dollars, nearly the whole of which vast sum goes, directly or indirectly, to the men who are employed in clearing the land or cultivating it!

Why, however, is it that so little food can be spared for Europe? *Because the domestic market has already become so large that prices are above the exportation standard.* Let us go ahead in the direction in which for three years past we have been moving—let us give to the makers of paper and the smelters of iron ore that security without which they *dare not* enlarge their works or increase their number—and the day will not then be far distant when we shall be *importers* of wheat, instead of exporters of it, making a market for all the products of Canada and enabling our own farmers and landholders to become rich and independent, instead of being, as in all time past they have been, the mere *serfs* of those "wealthy

capitalists" whose first wish is that food may become cheaper, and cloth and iron dearer.

Forty years since, General Jackson asked of his countrymen the important question, "*Where has the American farmer a market for his surplus products?*" In answer thereto he spoke as follows, and nothing more accurate was ever written :—

"Except for cotton, he has neither a foreign nor a home market. *Does not this clearly prove, when there is no market either at home or abroad, that there is too much labor employed in agriculture, and that the channels of labor should be multiplied?* Common sense points out at once the remedy. Draw from agriculture the superabundant labor, employ it in mechanism and manufactures, thereby creating a home market for your breadstuffs, and distributing labor to a most profitable account, and benefits to the country will result. TAKE FROM AGRICULTURE IN THE UNITED STATES SIX HUNDRED THOUSAND MEN, WOMEN, AND CHILDREN, AND YOU AT ONCE GIVE A HOME MARKET FOR MORE BREADSTUFFS THAN ALL EUROPE NOW FURNISHES US. In short, sir, we have been too long subject to the policy of the British merchants. It is time we should become a little more Americanized, and, instead of feeding the paupers and laborers of Europe, feed our own, or else in a short time, by continuing our present policy, we shall all be paupers ourselves."

France and England have pursued the policy here recommended, and they are now the greatest exporters of food in the world, the annual amount, with each, counting by hundreds of millions of dollars. They, however, combine hundred-weights of food with pounds of wool, silk, and cotton, and thus enable the former readily to make its way throughout the outside world. We are now, in proportion to our numbers and resources, the smallest food exporters of the world, because we insist on sending the raw materials of cloth to be combined together in other and wiser countries.

The policy recommended by General Jackson was that of the protective period from 1828 to 1834, at the close of which we paid off the last remnant of our national debt. It was that of the period from 1842 to 1847, which commenced with a scene of almost universal ruin, and closed with an exhibit of prosperity such as the world had never before seen. It is the policy by means of which our farmers are now relieved from all necessity for forcing their products on foreign markets, to be there taken, at prices to be fixed by themselves, by "wealthy capitalists," who pay for them in cloth and iron, at prices also fixed by themselves.

For a portion of this relief they have been indebted to the demand created by large bodies of men employed in carrying muskets, but this is so far from being opposed to the view above presented that it furnishes proof conclusive of its truth. Change those men into miners and puddlers, producers of silks and cottons, watches and locomotives, and their demands for the various products of the earth will be greater than now they are. As it is, the farmer profits only by an increase in the prices of what he has to sell. As it then would be, he would add thereto a decrease of price in regard to all that he required to purchase. The truth of the Jacksonian doctrine is, thus, thoroughly demonstrated by the facts now presented in the consumption of our fleets and armies. As human pursuits become diversified land acquires value and the farmer becomes rich and independent.

Who, now, are the men who have combined together for the destruction of the great paper, coal, and iron industries, and for the reduction of the farmer to his former dependence on British markets? Let us see. They are—

I. Railroad owners, who, in the last three years, have taxed the farmer to the utmost of their ability by increasing the charge for transportation:

II. British agents who look to reduction in the price of food and augmentation in the price of iron for increase of their commissions:

III. Secessionists at home and abroad, in and out of Congress—men who look to bankruptcy of the National Treasury as the most certain means of obtaining elevation for themselves.

Against these should now be banded together—

I. Every farmer who desires to see the tax of transportation diminished and the value of his land increased:

II. Every laborer who desires to find himself in the condition of one of the owners of the land:

III. Every landholder who sees in liberal reward of labor a stimulus to that immigration by means of which the number of purchasers of land must be increased:

IV. Every man who sees that land increases rapidly in value as industry becomes more and more diversified, while declining as rapidly when furnaces and mills are closed and diversification dies away:

V. Every holder of a Government note, or bond, who sees that it is the Internal Revenue alone to which he and others like himself must in future look for payment of their interest:

VI. Every lover of his country who sees that with every increase in the domestic commerce there is an increase in the number of the threads by means of which the Union is to be held together:

VII. Every man who appreciates the fact that it is to that British free trade by means of which we have been compelled to look to a distant market as the one in which to make all our exchanges, that we have been indebted for the loss of property and of life that has resulted from the great rebellion; and,

VIII. Every man who feels as an American should feel in reference to the conduct, throughout the past four years, of that British people which teaches everywhere "free trade" as the most efficient means of securing a monopoly of the machinery of transportation and conversion for the world at large.

If this nation is ever to become really independent; if it is ever to become *Americanized;* if it is ever to occupy that position in the world to which the vast amount of mineral wealth placed at its command so well entitles it; if it is ever to cease to be a mere puppet in the hands of foreign agents; if it is ever to be placed in a position to perform the duties of its great mission to the poor and oppressed throughout the earth; its people must learn that in the real and permanent interests of all the portions of society there is a perfect harmony, and that of all who should desire the establishment of that certain protection which shall authorize the capitalist to open mines, build furnaces, improve water-powers, and erect mills, there are none whose interests look so much in that direction as do those of the landowner and the farmer. All, however, are greatly interested; all should learn to appreciate the advantages that must result from combination for relief from that foreign domination under which we have so long and so severely suffered; and all should study the admirable lesson taught in the following fable by our old friend Æsop:—

"An old man had many sons, who were often falling out with one another. When the father had exerted his authority, and used other means in order to reconcile them, and all to no purpose, at last he had recourse to this expedient: he ordered his sons to be called before him, and a short bundle of sticks to be brought; and then commanded them, one by one, to try if, with all their might and strength, they could any of them break it. They all tried, but to no purpose; for the sticks being closely and compactly bound up together, it was impossible for the force of man to do it. After this, the father ordered the bundle to be untied, and gave a single

stick to each of his sons, at the same time bidding him try to break it; which, when each did with all imaginable ease, the father addressed himself to them to this effect: 'O my sons, behold the power of unity! for if you, in like manner, would but keep yourselves strictly conjoined in the bonds of friendship, it would not be in the power of any mortal to hurt you; but when once the ties of brotherly affection are dissolved, how soon do you fall to pieces, and are liable to be violated by every injurious hand that assaults you!'"

The men of the North have shown their appreciation of this lesson by the determination they have manifested to maintain the Union of the States. Let the people of all those States show their appreciation of it by combining together for securing permanently to the farmer such a market for his products as shall free him wholly from the tyranny of the "wealthy capitalists" abroad; let them determine that American food *shall* go to the production of all the cloth, all the paper, and all the iron they need to use, and we shall then have discovered the true and certain mode of *outdoing England without fighting her.*

In another letter I propose to examine the railroad question, remaining meanwhile, with great regard and respect,

Yours, very truly,

HENRY C. CAREY.

Hon. SCHUYLER COLFAX.

PHILADELPHIA, Jan. 30, 1865.

THE RAILROAD QUESTION.

LETTER ELEVENTH.

DEAR SIR:—

THE man who habitually retains himself in a position to be obliged to seek for purchasers of his labor or its products rarely fails to reap ruin as its result. He who, on the contrary, so places himself as to be enabled to compel purchasers to come to him, finds his power of accumulation increase with each succeeding year, and ends with colossal fortune. The first is that one in which the American people, guided by British agents, have always kept themselves, and we have the result in a war that must have brought universal ruin had it not brought with it also emancipation from that British free trade policy whose effects are so well described by General Jackson in the admirable letter already given. The second is that in which the people of France, under a system of protection maintained with a persistence that has no parallel in history, have placed themselves. The whole world is compelled to go to them to buy, and *they* fix the prices at which they choose to sell. The world is compelled to go there to sell, and *they* are thus enabled to fix the prices at which they choose to purchase. The result exhibits itself in a most extraordinary increase in the value of lands and houses, the figures of which I have seen but cannot at the moment find. Well, however, do I recollect that they were of a character calculated to excite astonishment even in one who had witnessed the effect on western lands of a steady flow of emigration from the East.

The first has been governed by that class of men of which Mr. Secretary Walker is the type; that class which proclaims that this is naturally "an agricultural country," and that we must seek abroad a market for our "breadstuffs and provisions"—thereby so limiting our people in their modes of employment as to make the country little more than a mere puppet in the hands of foreign traders. The other has been, in this respect at least, governed by

men of whom the great Colbert is the type—men who have clearly seen that national independence was to be achieved by means of bringing the consumer to take his place by the side of the producer, and thereby giving value to both land and labor. The results exhibit themselves in the fact that France now controls the movements of all Europe, while the people of this country, with natural advantages a thousandfold greater, and almost as large a population, now find themselves compelled to abandon the Monroe doctrine and fight for national existence—France, meanwhile, obtaining command of our immediate neighbor, Mexico.

Shall we ever do better? It may well be doubted. Often as our farmers, our merchants, and our transporters have been "brayed" in the British free trade "mortar," their "foolishness" has not yet "departed from them;" and, judging from recent proceedings in Congress, it would seem that, sad as has been our experience, they are little likely even now to profit by it. Nothing, as it would seem, can open their eyes to a perception of the great fact, that in the real and permanent interests of the West and the East, the North and the South, as well as in those of the ship-owner, the railroad proprietor, the miner, the iron-master, the land-owner, and the laborer, there is a perfect harmony, and that it is absolutely impossible to injure any one of them without at the same time injuriously affecting all the rest. Blind to this are they all, and, as a consequence of this it is, that we find western land-holders and laborers combining with railroad managers for promoting the adoption of a policy that each and every one of them would bitterly denounce could he but be persuaded to pause a little in his course and study carefully what had been the effect in the past of measures similar to those whose adoption he now so earnestly advocates.

Of all, there are none who have shown themselves so blind to their true interests as those same railroad managers. All experience teaches that roads are profitable in the ratio borne by way to through business, and unprofitable in the ratio borne by through to way business. Why is it so? Because with the growth of this latter they become independent; whereas, with increase in the proportion borne by through business they become more and more dependent. In proof of this we may take the fact, that such has been the competition for this latter that produce has, on many occasions, been forwarded from Chicago to New York more cheaply than from Buffalo, and more cheaply from this latter than from either Roches-

ter or Syracuse. In this manner they first offer bounties on emigration from the older States, and then find themselves compelled to enlarge their capital and extend their roads with a view to retain their business. Common sense might, as one would think, teach them that by aiding in the development of our great mineral resources they would be creating a local traffic that could be carried on at small cost and with great profit to themselves; yet have they invariably been found combining with British agents in opposition to such development, thereby imposing upon themselves a necessity for still further extension of their lines, with steady diminution in their power to pay their stockholders.

Our railroad history covers a period of only five and thirty years, and it may now be not unprofitable to cast our eyes back over that period with a view to ascertain what are the lessons for the future that may be thence deduced.

In 1832, the railroad interest insisted upon depriving our furnaces of the manufacture of railroad bars. In the ten succeeding years many roads were made, and all with British bars bought at the highest prices. As a consequence the cost of roads was great, and at the close of the free trade period in 1842 the railroad interest was in a state of almost universal ruin. Why was it so? Because the road-makers had united with British traders in urging upon the country a policy whose effect had been that of making them yearly more and more dependent upon a through trade that could not be made to yield a profit. The domestic market for food had been greatly lessened, while that of Europe had failed to grow.

The tariff of 1842 imposed a heavy duty on railroad bars, and then for the first time was their manufacture commenced on this side of the Atlantic. Iron generally being well protected the production rose in half a dozen years to 800,000 tons, and the consumption to 900,000. Labor being everywhere in demand, immigration trebled in that brief period. Towns and villages increased in number and in size. The local traffic therefore grew, and railroads became once more profitable to their proprietors.

Taking no lesson from experience railroad and canal owners united in beating down protection, and giving us Mr. Walker's free trade tariff of 1846. How they profited of this may be judged from the following figures giving the receipts of some of the principal works in the period from 1842 to 1849:—

	New York canals.	Balt. and Ohio railroad.	Pennsylvania canals.	Total.
1842,	1,749,000	426,000	903,000	3,078,000
1844,	2,446,000	658,000	1,164,000	4,268,000
1846,	2,756,000	881,000	1,357,000	4,994,000
1847,	3,635,000	1,101,000	1,587,000	6,323,000
1848,	3,252,000	1,231,000	1,550,000	6,033,000
1849,	3,266,000	1,241,000	1,580,000	6,087,000

Under protection the receipts more than doubled, as here is shown. As the British free trade system became more fully operative they declined, thus presenting a striking commentary on Mr. Walker's assertion, made but two years previously, that under a free trade system "our own country, with its pre-eminent advantages, would measure its annual trade in imports and exports by thousands of millions of dollars."

At that moment, however, California had already begun to furnish to the world its golden treasures, thus making a market for labor under which immigration for several years rapidly increased. That period, however, terminated with 1854, and thenceforward railroad property, *as a natural consequence of continued railroad agitation for the abolition of the duty on railroad iron,* rapidly decreased in value, as is shown by the following figures :—

	1852-3.	1855.
Baltimore and Ohio	98	56
Boston and Worcester	105	87½
New York and Erie	85	52
Cleveland and Pittsburg	93	70
Michigan Southern	118	97
Cincinnati and Dayton	102	85
Pennsylvania Central	93	88
Camden and Amboy	149	128
Boston and Maine	102	94

From that date to the opening of the rebellion immigration declined; internal development almost ceased; and railroad property so much depreciated that the average value of the New York Central, Erie, Hudson River, Reading, Michigan Central, Michigan Southern, Rhode Island, Cleveland and Toledo, Illinois Central, and Galena and Ohio roads was *only forty-two per cent.*

The war came, bringing with it protection to the farmer, accompanied by an increase in the value of railroad property, as exhibited in the following figures giving the average prices of the several roads last above referred to :—

January, 1855	1860	1862	1863	1864
42	56	51	95	143

Seeking now the cause of the vast change that is here exhibited we find it in the following passages from Reports just made by two important Western roads—the Southern Michigan and the Cleveland and Pittsburg Railroad.

From the first we learn that—

"Although the decline on the through business is at the rate of $30,000 to $40,000 per month, so great has been the increase in local traffic that the aggregate earnings for January, 1865, show an increase of about $50,000 over the corresponding month last year. Although there has been no diminution in the number of employees, the aggregate number of miles run by passenger trains is now 5000 per week less than it was before the issuing of the passport order. There is, therefore, a considerable saving in running expenses."

And from the second that—

"The great increase of freight upon the road has come in a very important degree from two articles of traffic which may be considered the staple of your road, naturally and legitimately belonging to it. These articles are coal and iron ore of Lake Superior. The coal interest was one of the principal agencies in planning and building this road, and those early projectors of the enterprise have always looked to the development of the coal mines on the line of the road as a sure and steady means of remuneration. The coal trade has from the first held an important place among the various sources of revenue to your road. It has steadily increased with the progress of years, and as manufacturing has been more extensively undertaken, and as new demands for coal from regions before unsupplied have arisen, the transportation over your road has been greatly increased in amount."

What is true of these two roads, is almost equally so of those of the country at large, the existing prosperity of the whole railroad interest having come as a natural consequence of great developments of mineral wealth. Take, for instance, petroleum, of which to the extent of $46,000,000 was sent to market in the past year, and see, my dear sir, how large have already become its contributions to railroad revenues. Look further, however, and see how enormous they must become when Ohio, Virginia, and other States shall have sunk their wells and erected their engines, and when refineries shall, at the place of production, fit it for cheap transportation to the remotest corners of Maine in the Northeast and Texas in the Southwest, Florida in the Southeast and Nevada in the Northwest;

and then endeavor to satisfy yourself to what extent it is that every road in the country is interested in the successful prosecution of the great work of development that has but now commenced. Take next the 13,000,000 tons of coal now mined, and follow them in their travels throughout the Union, paying toll directly to roads in the East and roads in the West, and indirectly to every one in the whole extent of the loyal States. Add now to them the 1,300,000 tons of pig metal at present made, and follow them, in all their various forms of railroad bars, stoves, pipes, knives, and engines, and then determine to what extent they have contributed to give to the roads of the country their present value.

Study next, I pray you, the perfect harmony of all these various interests, and satisfy yourself how shortsighted are the men who believe in national discords. What is it that has so suddenly given an almost fabulous value to the great oil region of the West? Is it not the almost immediate presence of the great machine-shops of Ohio, Indiana, Illinois, and Pennsylvania? What would be its value were its owners obliged to seek in Birmingham for engines? It would have none whatsoever. To whom, however, are we indebted for those shops? Is it not to men who have sunk mines and built furnaces, others who have mined coal and ore, and still others who have converted raw material into pigs and pipes? That it is so, cannot be questioned. The harmony of all those interests is absolute and complete.

Equally so is that which exists between the men who make and those who need to purchase the railroad bar. Many millions of dollars worth of oil go to market, there to be exchanged for sugar and coffee, cloth, iron, and the thousand other commodities needed for a population that is increasing in wealth and numbers, and at every stage of their progress they contribute towards railroad dividends. So, too, with the iron and the coal. I have now before me the accounts of a single iron establishment that paid last year, in railroad tolls, no less a sum than $200,000. Judging from this, at how many millions might we safely fix the contributions of coal and iron to the maintenance of the railroad interest?

To enable us to form an accurate judgment of the amount of such contributions by the great fundamental industries, let us for a moment look to the effect that would at once result from their annihilation. Would it not certainly diminish by two-thirds the real value of every railroad in the Union? That it would

do so, cannot be questioned. What, then, would be the effect were we in the next seven years to double, even if we should not treble, the product of our mines, our furnaces, our rolling-mills, and our wells? Could it fail to be that of giving to all railroad property a fixed and certain value, even when estimated in gold, greater than it ever yet has known? That it could not fail to do so, is absolutely certain. That you may now be led, my dear sir, to arrive, in this respect, at the same belief with myself, I would ask you to look to the fact that a coal mine is a vast magazine of *power;* that thousands of tons of coal can be made to do the work of hundreds of thousands of men; that in the extent and variety of metallic deposits we are ahead of the whole of Europe combined; that POWER ALONE is needed for bringing to light the vast treasures of the iron mountains of Missouri on the west, and of the Adirondack on the east—of the great iron and copper beds of the shores of Lake Superior—of the wealth-abounding hills of Tennessee—of the great lead deposits of Illinois and Iowa—of the coal, iron, and gold abounding districts of Virginia—of the zinc and iron deposits of New Jersey—and of the granite hills of New England; that the power at our command is equal to that of almost the whole earth combined; that that now used in Great Britain alone is estimated as being equal to the labor of 600,000,000 of men; that by a proper application of our energies we might within the next decade go far beyond even that vast amount; that production increases almost geometrically as the power applied increases arithmetically; that exchanges increase with the increase of production; that the power to contribute to the maintenance of roads increases with a rapidity far exceeding that of production; and then determine for yourself how magnificent is the future that will open itself to the eye of every railroad manager when he and his fellow-proprietors shall have arrived at the conclusion, that there is a perfect harmony in the interests of the men who make iron and those who need to use it, and that an enlightened self-interest demands of them that they shall ask of Congress the establishment of such a revenue system as shall give to the capitalist that certainty in regard to the future which is needed for enabling us, before the lapse of another decade, to place ourselves side by side with Great Britain in the production of many of the most important metals, and before the close of another to leave her far behind, thus giving to the farmer a market near at hand for all his products.

The mind is lost in contemplation of the marvellous amount of wealth and power that has by a beneficent Creator been placed at our command. Still more, however, is it lost in wonder when studying the slow degrees by which we have arrived at the idea that prosperity among our people, freedom to the slave, and power and influence among the nations of the world, were to come to us only as a consequence of the application of that vast power to the development of that wonderful wealth. More than thirty years since, at the close of the protective period which began in 1828, our consumption of iron was 300,000 tons. Ten years later, at the close of a long and dreary free-trade period, with a population one-third greater, the consumption was still but little more. Five years later, at the close of the protective period of 1842, our production had already trebled, and so great had become the demand, that the import of foreign iron was nearly as great as it had been in 1842. Ten years still later, with a population again a third increased, and with all the advantage of California gold developments, our production, under the British free-trade system, had diminished, while our total consumption had scarcely at all increased. Of the four years that have since passed by, one was a period of universal prostration, and yet, in the three that have succeeded our consumption has been carried up to a point nearly one-third higher than that at which it stood at the outbreak of the great rebellion. These are remarkable facts, and with them is connected another series of phenomena of the highest importance to railroad proprietors, which, however, seems to have escaped their notice. *Whenever the domestic production of iron has been advancing railroad property has paid good dividends, while dividends have always declined as furnaces and rolling-mills became idle and their proprietors became bankrupt.* In 1832, the first of the protective periods above referred to, railroads had scarcely yet made their appearance on the stage, but transporters of every description were highly prosperous. In 1842, at the close of the first of the above-named free-trade periods, furnaces were closed and railroad companies were bankrupt. In 1847, the second protective period, ironmasters were prosperous and railroad companies paid good dividends. In 1854, under a temporary California excitement, railroad stocks were high and ironmasters were building rolling-mills. In 1860, at the close of the last free-trade period, railroad stocks were selling, as has been already shown, at an average of 42 per cent., and mills, mines,

and furnaces were everywhere closed. To-day, after three years of protection, all is changed, *ironmasters having doubled their production and thus enabled railroad stocks to go again to par.*

The direct connection between the road and iron interests is here so clearly obvious that it is almost marvellous that the former should so long have failed to see it. More wonderful is it, however, that seeing what has but now occurred, they should yet continue so blind to their true interests as to array themselves in opposition to any measure on the part of Congress that shall tend to give that security for the future without which the capitalist *will not* give his time and his means to the opening of mines, or to the building of furnaces and mills. To induce him so to apply his powers he *must* have protection against that system so well described in an extract from a Parliamentary Report to which your attention has already more than once been called, and which, as I have said, should be read day by day, week by week, month by month, and year by year, by every man who desires to see the Union maintained, with constant increase in the power of the nation to command the respect of the other communities of the earth. It is as follows:—

"The laboring classes generally, in the manufacturing districts of this country and especially in the iron and coal districts, are very little aware of the extent to which they are often indebted for their being employed at all to the immense *losses* which their employers voluntarily incur in bad times, in order *to destroy foreign competition, and to gain and keep possession of foreign markets.* Authentic instances are well known of employers having in such times carried on their works at a loss amounting in the aggregate to three or four hundred thousand pounds in the course of three or four years. If the efforts of those who encourage the combinations to restrict the amount of labor and to produce strikes were to be successful for any length of time, the great accumulations of capital could no longer be made *which enable a few of the most wealthy capitalists to overwhelm all foreign competition in times of great depression*, and thus to clear the way for the *whole trade* to step in when prices revive, and to carry on a great business before *foreign* capital can again accumulate to such an extent as to be able to establish a competition in prices with any chance of success. *The large capitalists of this country are the great instruments of warfare against the competing capital of foreign countries*, and are *the most essential* instruments now remaining by which our manufacturing supremacy can be maintained; the other elements—cheap labor, abundance of raw material, means of communication, and skilled labor—being rapidly in process of being equalized."

The wealthy British "capitalists" here described have their agents everywhere, and everywhere prepared for combination with every little private or local interest for the removal of grievances of which *they know their masters and themselves to be the cause.* What *they* desire, as they know full well, is that food may be cheap and iron high in price. What *we* desire, and what by means of protection we are seeking to obtain, is that the farmer may from year to year be enabled to obtain more spades and ploughs, and better means of transportation, in exchange for less and less of food. When, however, the farmer complains of the low price of corn, he finds the agent always at hand, Mephistophiles-like, to whisper in his ear that but for protection spades and ploughs would be cheaper, while food would command a higher price. When the railroad manager seeks to buy iron, he points to the low price at which British iron might be purchased, wholly omitting to call the attention of his hearer to the facts, that *British iron is always cheap when American people build furnaces, and when American railroad companies make good dividends, and always dear when American furnaces have been blotted out of existence, when their owners have been made bankrupt, and when American railroad stocks are of little worth.* In proof of this, I now give you the following facts as they present themselves in the Reports on Commerce and Navigation for the several years above referred to :—

At the close of the protective period which commenced in 1828 and terminated in 1833—that one in which for the first time the iron manufacture made a great forward movement, and therefore the most prosperous one that the country had ever known, the price at which British bar iron, rails included, was shipped to this country, was *forty dollars.*

Eight years later, in 1841, when our mechanics were seeking alms—when our farmers could find no market—when furnaces and mills were everywhere closed, and their owners everywhere ruined—when States were repudiating, and the National Treasury was wholly unable to meet its small engagements—the shipping price of British bars had been advanced to *fifty dollars.*

Eight years later, in 1849, after protection had carried up our domestic product to 800,000 tons, and after the British free trade tariff of 1846 had once again placed our ironmasters under the heel of the "wealthy English capitalist," we find the latter energetically using that potent "instrument of warfare" by means of

which he "gains and keeps possession of foreign markets," and supplying bar iron at THIRTY DOLLARS per ton. In what manner, however, was the railroad interest paying for a reduction like this, by means of which they were being enabled to save on their repairs a tenth or a twentieth of one per cent. on their respective capitals? Seeking an answer to this question I find in the *Merchant's Magazine* a comparison of the prices in February, 1848 and 1850, of thirteen important roads, by which it is shown that in that short period there had been a decline of *more than thirty per cent.!* This would seem to be paying somewhat dearly for the whistle of cheap iron; and yet it is but trifling as compared with information contained in a paragraph which follows in which are given the names of numerous important roads, whose cost had been very many millions of dollars, but which "from prices quoted, and those merely nominal, seem to be of little or no value—not enough, nor one-fourth enough, to pay interest on the sums advanced for their creation."

At the close of another term of similar length, say in 1857, we arrive at a scene of ruin more general than any that had been witnessed since the closing years of that British free trade period which terminated with the universal crash of '42. How very low were then railroad stocks has been already shown. What, however, was the price at which British ironmasters were willing, now that they had so effectually crushed out competition, to meet the demands of railroad managers? Were they still willing to accept $30 per ton as the shipping price? Did they *then* manifest any desire to help the friends who had so largely aided them in "gaining and keeping possession" of this American market? Far from it! The more that railroad stocks went down, as a consequence of failure of the domestic commerce, the more determined did the British masters of our American stockholders show themselves, Shylock-like, determined to exact "the pound of flesh." In this unhappy period the shipping price of bars was $48, and that of railroad iron $42, the average having been FORTY-FOUR DOLLARS, or nearly fifty per cent. advance on the prices accepted in 1849, when our foreign lords and masters had been engaged in "*overwhelming all foreign competition in times of great depression,*" and thus "*clearing the way for the whole trade to step in when prices revived, and to carry on a great business before foreign capital could again accu-*

mulate so as to be able to establish a competition in prices with any chance of success."

Twice thus, at intervals of eight years each, have we had low British prices and great American prosperity as a consequence of the adoption of a policy under which American competition for the *sale* of iron has largely grown. Twice, at similar intervals, have we had high British prices and universal American depression as a consequence of the re-adoption of that system under which we have been compelled to compete in a foreign market for the *purchase* of British iron. Twice, thus, have American railroad managers been "brayed" in the British free trade "mortar," and twice have American transporters found prosperity by aid of those protective measures to which they have always shown themselves so much opposed. Their British free trade experience had been a somewhat sad one. Have they profited of it? Let us see.

Another eight year period has now passed by, and we reach the present year 1865, *with railroad stocks selling for a thousand millions of dollars that would not, at its commencement, have sold for five hundred millions.* What has caused this wonderful change? The re-creation, by means of a protective tariff, of a great internal commerce, *and nothing else.* Under that tariff mines have been opened, mills and furnaces have been built, demand has been created for labor and labor's products, commerce has grown, and road proprietors have participated with farmers in the advantages resulting from the creation of a great domestic market which are so well described in an extract from the recent message of Governor Yates, of Illinois, already given, but here reproduced because of its important bearing on the question now before us:—

"As a State, notwithstanding the war, we have prospered beyond all former precedents. Notwithstanding nearly two hundred thousand of the most athletic and vigorous of our population have been withdrawn from the field of production, the area of land now under cultivation is greater than at any former period, and the census of 1865 will exhibit an astonishing increase in every department of material industry and advancement; in a great increase of agricultural, manufacturing, and mechanical wealth; in new and improved modes for production of every kind; in the substitution of machinery for the manual labor withdrawn by the war; in the triumphs of invention; in the wonderful increase of railroad enterprise; in the universal activity of business, in all its branches; in the rapid growth of our cities and villages; in the bountiful harvests, and in an unexampled material prosperity, prevailing on every hand; while, at

the same time, the educational institutions of the people have in no way declined. Our colleges and schools, of every class and grade, are in the most flourishing condition; our benevolent institutions, State and private, are kept up and maintained; and, in a word, our prosperity is as complete and ample as though no tread of armies or beat of drum had been heard in all our borders."

The picture here given is that of every loyal State of the Union, and yet it is but the beginning of the change that is to be accomplished by means of the establishment of perfect commercial independence. Railroad proprietors have already profited of it to the extent of hundreds of millions of dollars, and they have yet to profit to the extent of many other hundreds of millions by the further opening of mines, the further building of mills, and the further development of the wonderful amount of mineral wealth placed by a kind Providence at our command, and waiting only the application of that power which now lies hidden beneath the soil of so many thousands of square miles of all these central States. So having profited in the past, and having in view so large a profit in the future, it might be supposed that they would now, at least, be content. Are they so? Are they disposed to let well alone! Has their "foolishness" at length departed from them? Having been now so repeatedly "brayed" in the free trade "mortar," are they now at last awakened to a sense of the advantages that must inevitably result to themselves from carrying up our production of iron from hundreds of thousands to millions of tons? Do they see that, to enable the Union to hold together, we must establish such an internal commerce as will permit of exchanges being made between its various parts freed from the intervention of British agents, British ships, and British ports? *Are their eyes yet open to a perception of the fact that the country that makes the most iron is the one into whose hands must fall the direction of the commerce of the world?* Have they, in any manner, profited by the sad experience of the past? To all these questions the reply must, unhappily, be a negative one. Like the Bourbons, they have learned nothing, and have forgotten none of their free trade prejudices, and it is much to be feared they never will, or can, do so. Despite all the lessons of the past they have now allied themselves with British agents for crushing out those great fundamental industries to which alone we can look for that success in the war in which we are now engaged without which railroad stocks and bonds, Government

bonds, and property of all descriptions must lose two-thirds of their present value.

The men most active in the work of destruction are, strangely enough, precisely those whose real and permanent interests should lead them in the opposite direction—the representatives of trans-Mississippi roads. Of all our people they are those who should most desire to promote immigration, and yet they close their eyes to the fact that immigration grows with development of our mineral resources and declines as furnaces are blown out and rolling mills are closed. Of all, they should most desire that existing railroad property should be productive, yet do they close their eyes to the fact that such property has always declined in value as furnaces and mills were closed, and grown again as mills were once again opened, and as furnaces were built. Of all, they should most desire that a low price of foreign iron should operate as a check upon our iron-masters, yet do they close their eyes to the fact that such iron has always fallen in price as domestic competition has grown, and risen again as soon as they and others like them had succeeded in enabling the "wealthy English capitalists" to destroy that competition. Of all, they are those who have suffered most and learned the least.

It was under the protective tariff of 1828 that immigration first became a matter of much importance. Furnaces were then built, internal commerce grew rapidly, farmers became rich, transporters were well rewarded for their services, immigration trebled in its amount, and American competition compelled the British iron-masters to furnish iron at a moderate price.

Eight years later all this was changed, the American makers of roads and of iron being both together ruined, labor being everywhere in excess of the demand, and immigration remaining stationary at a point but little higher than it had so promptly reached in 1834.

Eight years still later we find that under protection the production of iron had trebled, thereby making such demand for labor as to have carried the number of immigrants up to little short of 300,000.

At the close of another period of similar length, passed under the free trade system, we find labor to have been in excess of demand while railroad owners were being ruined, and immigration to have so far declined as to have ceased to merit much consideration.

Again, in 1865, we have reached a period of some protection to the greatest of all the industries of the world. Labor is, therefore, in demand. Immigration grows, and with it the value of railroad stock, while British iron is very cheap.

The close connection that here is shown to exist between immigration and protection, as well as between prosperity and a low price of British iron, ought surely to be sufficient to satisfy our trans-Mississippi friends of the absolute necessity that exists for giving to the great departments of industry that certain protection which is required for securing a rapid increase in the domestic competition for supplying the market with coal, paper, leather, and iron of all descriptions. They have land in abundance, and their mineral wealth is great beyond all calculation. What they need is *power*. To obtain that they must have men to mine their coal and their ore, to build engines, to clear their lands, and to make their roads. Men come *always* when we have protection. They fly from us *always* when we are subjected to the British free trade system. Can they not, then, see that all their real and permanent interests are in perfect harmony with those of the older States? Must they be once more "brayed" in the free trade "mortar" before they will come to understand these things?

So much for the past, and now, for a moment, let us look to the future. To all appearances it will be needed, within a very brief period, to relay all the southern roads, and there will be need for hundreds of thousands of tons of rails. Are we preparing for this? Are we now building furnaces and rolling mills? We are not! On the contrary, they are being closed, even the present taxes, as compared with the duties on that made abroad, being so oppressive that the work of manufacture can no longer be carried on with any profit. It is seen, too, that the nearer we approach a gold value the heavier become the internal taxes, and the more does the foreign manufacturer tend to become *protected against the domestic one*. Let this continue but a little longer, and let occasion arise for laying those Southern roads, and what then will be the price of British iron? Cannot our railroad managers see that, in pursuing their present course, they are not only "killing the goose that lays the golden egg," but also providing for subjecting themselves to a taxation for the benefit of our British *friends* that, combined with the loss of the domestic traffic, must cause the price of their stock to fall again to the low price at which it stood in 1857? Cannot

they see that now, as always heretofore, they are playing cards that have been placed in their hands by men whose one great object in life is that of having food and labor cheap while iron is maintained at the highest price? Can they not see that the objects they should always have in view are directly the reverse of this, their prosperity coming always with rise in the profits of the farmer and in the wages of the laborer, and decline in the price of iron? They are now laboring to arrest the growing tendency to emigration from the shores of Europe; and yet, every man who can be attracted here becomes, from the moment of his arrival, a contributor to their revenues, while preparing, by means of procreation, for a further increase in the number of such contributors, and in the powers of each and all.

It is surely time that our railroad managers should awaken to the fact that their interests are so perfectly in harmony with those of the men who mine coal and make iron that every blow levelled at the latter tells directly upon themselves. When they shall do so—when they shall have arrived at the conclusion that these two great interests should stand shoulder to shoulder with each other, and that an enlightened self-interest ought to prompt them to aid in securing the adoption of measures looking to the incorporation of home-grown food in every yard of cloth, every ream of paper, and every hide of leather consumed on this side of the Atlantic—we shall then at length be fairly on the road toward finding how it is that we may *outdo England without fighting her.*

Sincerely hoping that the day may not be far distant when all this shall be done, and when our people shall, to use the words of Jackson, become a little more *Americanized,* I remain, my dear sir, with great regard and respect,

Yours very truly,

HENRY C. CAREY.

Hon. SCHUYLER COLFAX.

PHILADELPHIA, February 10, 1865.

THE CURRENCY QUESTION.

LETTER TWELFTH.

DEAR SIR:—

Side by side with the question of protection, and equal with it in its importance, stands that of the Currency, to which I propose now to ask your attention.

Had it been possible, on the 4th of March, 1861, to take a bird's-eye view of the whole Union, the phenomena presenting themselves for examination would have been as follows:—

Millions of men and women would have been seen who were wholly or partially unemployed, because of inability to find persons able and willing to pay for service.

Hundreds of thousands of workmen, farmers, and shopkeepers would have been seen holding articles of various kinds for which no purchasers could be found.

Tens of thousands of country traders would have been seen poring over their books seeking, but vainly seeking, to discover in what direction they might look for obtaining the means with which to discharge their city debts.

Thousands of city traders would have been seen endeavoring to discover how they might obtain the means with which to pay their notes.

Thousands of mills, factories, furnaces, and workshops large and small, would have been seen standing idle while surrounded by persons who desired to be employed; and

Tens of thousands of bank, factory, and railroad proprietors would have been seen despairing of obtaining dividends by means of which they might be enabled to go to market.

High above all these would have been seen a National Treasury wholly empty, and to all appearance little likely ever again to be filled.

Why was all this? The laborer needing food, and the farmer clothing, why did they not exchange? Because of the absence of power on the part of the former to give to the latter anything with which he could purchase either hats or coats.

The village shopkeeper desired to pay his city debts. Why did he not? because the neighboring mill was standing idle while men and women, indebted to him, were wholly unemployed.

The city trader could not meet his notes, because his village correspondents could not comply with their engagements. The doctor could not collect his bills. The landlord could not collect his rents; and all, from laborer to landlord, found themselves compelled to refrain from the purchase of those commodities to whose consumption the National Treasury had been used to look for the supplies upon which it thus far had depended.

With all, the difficulty resulted from the one great fact already indicated in regard to the laborer. If *he* could have found any one willing to give him something that the farmer would accept from him in exchange for food—that the farmer could then pass to his neighbor shopkeeper in exchange for cloth—that that neighbor could then pass to the city trader in satisfaction of his debt—and that this latter could then pass to the bank, to his counsel, his physician, or his landlord—the *societary circulation* would at once have been re-established and the public health restored.

That one thing, however, was scarcely anywhere to be found. Its generic name was *money*, but the various species were known as gold, silver, copper, and circulating notes. Some few persons possessed them in larger or smaller quantities; but, the total amount being very small when compared with that which was required, their owners would not part with the use of them except on terms so onerous as to be ruinous to the borrowers. As a consequence of this, the city trader paid ten, twelve, and fifteen per cent. per annum for the use of what he needed, charging twice that, to the village shopkeeper, in the prices of his goods. The latter, of course, found it necessary to do the same by his neighbors, charging nearly cent. per cent.; and thus was the whole burthen resulting from deficiency in the supply of a medium of exchange thrown upon the class which least could bear it, the working people of the country—farmers, mechanics, and laborers. As a consequence of this they shrunk in their proportions as the

societary circulation became more and more impeded, while with those who held in their hands the regulation of the money supply the effect exhibited itself in the erection of those great palaces which now stand almost side by side with tenement houses whose occupants, men, women, and children, count by hundreds. The rich thus grew richer as the poor grew poorer.

Why was all this? Why did they not use the gold of which California had already sent us so many hundreds of millions? Because we had most carefully followed in the train of British free trade teachers who had assured our people that the safe, true, and certain road towards wealth and power was to be found in the direction of sending wheat, flour, corn, pork, and wool to England in their rudest form, and then buying them back again, at quadruple prices, paying the difference in the products of Californian mines! Because we had in this manner, for a long period of years, been selling whole skins for sixpence and buying back tails for a shilling! Because we had thus compelled our people to remain idle while consuming food and clothing, the gold meanwhile being sent to purchase other food and clothing for the workmen of London and Paris, Lyons, Manchester, and Birmingham!

Why, however, when circulating notes could so easily be made, did not the banks supply them, when all around them would so gladly have allowed interest for their use? Because those notes were redeemable in a commodity of which, although California gave us much, we could no longer retain even the slightest portion, the quantity required abroad for payment of heavy interest, and for the purchase of foreign food in the forms of cloth and iron, having now become fully equal to the annual supply, and being at times even in excess of it. That demand, too, was liable at any moment to be increased by the sale in our markets of certificates of debt then held abroad to the extent of hundreds of millions, the proceeds being claimed in gold, and thus causing ruin to the banks. To be out of debt is to be out of danger, but to be in debt abroad to the extent of hundreds of millions is to be always in danger of both public and private bankruptcy. *The control of our whole domestic commerce was therefore entirely in the hands of foreigners who were from hour to hour becoming richer by means of compelling us to remain so dependent upon them that they could always fix the prices at which they would buy the skins, and those at which they would be willing to sell the tails.* As a necessary con-

sequence of this, the nation was not only paralyzed, but in danger of almost immediate death.

Such having been the state of things on the day of Mr. Lincoln's inauguration, let us now look at the remedy that was then required. Let us, for a moment, suppose the existence of an individual with wealth so great that all who knew him might have entire confidence in the performance of what he promised. Let us then suppose that he should have said to the laborers of the country, "Go into the mills, and I will see that your wages are paid;" to the millers, "Employ these people, and I will see that your cloth is sold;" to the farmers, "Give your food to the laborer and your wool to the millers, and I will see that your bills are at once discharged;" to the shopkeepers, "Give your coffee and your sugar to the farmer, and I will see that payment shall forthwith be made;" to the city traders, "Fill the orders of the village shopkeeper and send your bills to me for payment;" to the landlords, "Lease your houses and look to me for the rents;" to all, "I have opened a *clearing house* for the whole country, and have done so with a view to enable every man to find on the instant a cash demand for his labor and its products, and my whole fortune has been pledged for the performance of my engagements;" and then let us examine into the effects. At once the societary circulation would have been restored. Labor would have come into demand, thus doubling at once the productive power of the country. Food would have been demanded, and the farmer would have been enabled to improve his machinery of cultivation. Cloth would have been sold, and the spinner would have added to the number of his spindles. Coal and iron would have found increased demand, and mines and furnaces would have grown in numbers and in size. Houses becoming more productive, new ones would have been built. The *paralysis* would have passed away, life, activity, and energy having taken its place, all these wonderful effects having resulted from the simple pledge of the one sufficient man that he would see the contracts carried out. He had pledged his credit and nothing more.

What is here supposed to have been done is almost precisely what *has* been done by Mr. Lincoln and his Administration, the only difference being, that while in the one case the farmers and laborers had been required to report themselves to the single individual or his agents, the Government has, by the actual purchase

of labor and its products, and the grant of its pledges in a variety of shapes and forms, enabled each and every man in the country to arrange his business in the manner that to himself has seemed most advantageous. To the laborer it has said, We need your services, and in return will give you that which will enable your family to purchase food and clothing. To the farmer it has said, We need food, and will give you that by means of which you can pay the shopkeeper. To the manufacturer it has said, We need cloth, and will give you that which will enable you to settle with the workman and the farmer. To the naval constructor it has said, We need your ships, and will give you that which will enable you to purchase timber, iron, and engines. In this manner it is that domestic commerce has been stimulated into life, the result exhibiting itself in the facts, that while we have in the last three years increased to an extent never known before the number of our houses and ships, our mills, mines, and furnaces, our supplies of food, cloth, and iron; and while we have diversified our industry to an extent that is absolutely marvellous; we have been enabled to lend, or pay, to the Government thousands of millions of dollars, where before, under the system which made us wholly dependent on the mercy of the "most wealthy capitalists" of England, we found it difficult to furnish even tens of millions. The whole history of the world presents no case of a financial success so perfect.

In the physical body health is always the accompaniment of rapid circulation, disease that of a languid one. Now, for the first time since the settlement of these colonies, have we had experience of the first. Every man who has desired to work, has found a purchaser for his labor. Every man who has had labor's products to sell, has found a ready market. Every man who has had a house to rent, has found a tenant. And why? Because the Government had done for the whole nation what Companies do for localities when they give them railroads in place of wagon roads. It had so facilitated exchange between consumers and producers, that both parties had been enabled to pay on the instant for all they had had need to purchase.

Important, however, as is all this, it is but a part of the great work that has been accomplished. With every stage of progress there has been a diminution in the general rate of interest, with constant tendency towards equality in the rate paid by the farmers of the East and the West, by the owner of the little workshop

and by him who owns the gigantic mill. For the first time in our history the real workingmen—the laborer, the mechanic, and the little village shopkeeper—have been enabled to command the use of the machinery of circulation at a moderate rate of interest. For the first time have nearly all been enabled to make their purchases cash in hand, and to select from among all the dealers those who would supply them cheapest. For the first time has this class known anything approaching to real independence; and therefore has it been that, notwithstanding the demands of the war, capital has so rapidly accumulated. The gain to the working people of the Union thus effected, has been more than the whole money cost of the war, and therefore has it been that all have been able to pay taxes, while so many have been enabled to purchase the securities offered by the Government.

Further than all this, we have for the first time acquired something approaching to a *national independence.* In all time past, the price of money having been wholly dependent on the price in England, the most important intelligence from beyond the Atlantic was that which was to be found in the price of British securities on the Exchange of London. With each arrival, therefore, we were, to our great enlightenment, and that too by means of flaming capitals, informed that Consols had risen or had fallen, our railroad shares then going up or down because the Bank of England had seen fit to purchase a few Exchequer bills, or had found it necessary to part with some of those it previously had held. In all this there has been a change so complete that the price of British Consols has ceased entirely to enter into American calculations. The stride, in this respect alone, that has been made in the direction of independence, is worth to the country more than the whole money cost of the great war in which we are now engaged.

The time had come to make it, the course of Britain having recently been in a direction that limits the circulation and insures a rise in the rate of interest. The Bank of England is limited to £14,000,000 as the amount of notes that may be issued in excess of the gold actually in its vaults. All other banks being limited to the amount that existed on a certain day in 1844, and some of them having since that time gone out of existence, the result exhibits itself in the fact that the total machinery of circulation supplied by the banks is less now than it was twenty years since. As a consequence of this, and in despite of the extraordinary

influx of gold from California and Australia, the rate of interest charged for the use of such machinery has been for some years past higher than that paid in any of our Atlantic cities, the fluctuations in regard to paper of the highest character having been between six and ten per cent. By the last accounts it had fallen to $5\frac{1}{2}$, and that is now, as English journalists advise us, as much to be regarded as the normal price of money as was 4 per cent. before the discovery of California mines. The danger of dependence upon the British money market, always great, has now been much increased; and it must become greater with every year, so long as British banking operations shall continue to be governed by that wonderfully absurd system for which the British people stand to-day indebted to the financial ignorance of Sir Robert Peel.

Great and obvious as have been the benefits derived by the country from the system inaugurated under the administration of Mr. Lincoln, they are, as we are assured, counterbalanced by their tendency to produce inflation, and thus to increase the price of gold. How little truth there is in this, I propose to show in another letter, and meanwhile remain, my dear sir,

Very truly and respectfully yours,

HENRY C. CAREY.

Hon. SCHUYLER COLFAX.

PHILADELPHIA, Feb. 13, 1865.

THE CURRENCY QUESTION.

LETTER THIRTEENTH.

DEAR SIR:—

That the currency has been, and is, inflated, is beyond a question. Whence, however, has come the inflation? What has caused the existence of disease? Such are the questions to which an answer must be obtained before we undertake to prescribe the remedy to be adopted. Failing to do this, we shall certainly kill the patient.

By all the currency doctors, both here and abroad, the cause of financial crises is found in the circulation; and hence it has been that both here and elsewhere the world has been furnished with so many laws in regard to it, none of which would ever have existed had the matter been properly understood. To that question it was that Sir Robert Peel addressed himself when he framed a law that has already twice broken down, and that must continue to break down on each successive recurrence of the state of things it was intended to prevent. The statute-books of nearly all of our States present to view similar laws, all of which have proved as utterly worthless, and some of them almost as injurious, as that British one above referred to.

The circulation needs no regulation, and for the simple reason that the people regulate it for themselves. For proof of this, look, I pray you, to the fact that the Treasury has been for several years past engaged in trying to obtain for small notes a circulation amounting to fifty millions, and yet has not, at this hour, one of even the half of that amount. Why has it not? Because the people need no more than twenty or twenty-five millions. If they did need more, they would gladly take it. When Congress had before it a bill authorizing the emission of that

description of currency, it would have been deemed rank heresy to say that no limitation was needed, yet has experience proved that such was certainly the case. Had they omitted all restriction on the "greenbacks," they might perhaps have found, as in the case of the smaller notes, that the people understood better what they needed than did their legislators. That they would have done so, I regard as beyond a question.

It is constantly assumed that it is the banks that determine how many notes shall be in use, and yet the experience of each and every individual in the community proves that exactly the reverse of this is true. That you, my dear sir, may satisfy yourself of this, I pray you to look for a moment to your own constant action in regard to the question now before us. On a given day you receive a quantity of bank-notes, which are *then* in circulation. What do you then do with them? You place them in a bank, and thus put them *out of circulation.* On the following day you perhaps take them from the bank and pay them out, thus putting them *again in circulation.* What control did the bank exercise over these several operations? None whatsoever. It is you, your friends, neighbors, and fellow-citizens generally, that regulate the circulation, and it is just as wise to pass laws limiting its amount as it would be to pass other laws determining the quantity of coal, iron, sugar, or coffee to be provided for their use.

To this it is due that in communities that are really independent the circulation is so very nearly a constant quantity. That of the Bank of England, in the eventful period from 1832 to 1841, averaged £18,000,000, and although it embraced the time of one of the greatest excitements and one of the most fearful reverses ever known in that country, the circulation never went beyond that average to the extent of five per cent., nor fell below it to that of eight per cent. The differences exhibited are less even than might be reasonably looked for by any one familiar with the fact that during several of the years every workingman had been fully employed, while in several others a large portion of the manufacturing population was either idle or but half employed.

Take now the following figures representing, in millions, the circulation of the New York banks, and see how uniform was its amount until the withdrawal in 1857, by the banks, of many millions of *loans that had been based upon deposits,* had almost anni-

hilated the commerce of the country, and thus deprived our people of the power to make use of notes.

1855 . . . 41	1859 . . . 36	1862 . . . 42
1856 . . . 41	1860 . . . 38	1863 . . . 42
1057 . . . 41	1861 . . . 36	1864 . . . 40
1858 . . . 35		

In every case, as here presented, reduction had been a *consequence* of stoppage of the societary circulation, and *not a cause of it.*

We are told, however, of the depreciation of Continental money, French *assignats*, and Confederate notes, and are threatened that we shall here experience the same result; but those who present such views can scarcely properly appreciate the difference between the conditions under which such paper was emitted and those in which we stand. The first was issued by a Confederation that was little better than a rope of sand, and that had no certain power to provide for the ultimate payment of either principal or interest of any debt it might contract. The second were at first receivable only in payment for confiscated property, and were of no value for any other purpose. As the country became more and more "a scene of rude commotion," and as employment for the people passed away, their quantity was more and more increased, and they then were made a legal tender, but there existed then no organized government capable of giving protection to either property or life—none capable of making secure provision for any ultimate assumption of payment by the State. The last has been issued by an authority the permanent maintenance of which has been so much doubted that few have held its securities longer than was required for enabling them to pass them off to some one else. They have been received by a community that has been cut off from the outer world, and whose single source of wealth has wholly disappeared. They are now used by one whose numbers are constantly diminishing, and over a surface that is becoming daily more and more circumscribed. When the notes were few in number the Southern people were still rich, and, with the exception of Maryland, the notes circulated in every State south of Mason and Dixon's Line, the Ohio and the Missouri. Now, when they so much abound, the rich have become poor, the poor have become poorer, rich and poor to a great extent have passed out of existence, and the theatre of circulation has become limited to portions of half a dozen

States. No one desires to convert Confederate paper into a permanent security, it being clearly obvious that of security for future payment there can be none. The notes will still at some price help to pay for a negro or a horse, but the bonds will not do so at any price whatsoever.

Contrast here, my dear sir, the circumstances above described with those under which our "greenbacks" have been issued. They have gone out in payment for property purchased of, or services rendered by, persons who have freely sold the one or rendered the other. The authority by which they have been issued is one quite as capable of binding posterity as was the Government of Washington and Adams. They are used by a people whose numbers are constantly growing, and whose productive powers are steadily increasing in the ratio which they bear to population. The man who receives them finds himself surrounded by other men who gladly give him houses and lands at prices little greater than those he would have paid ten years since, and before the great free trade crisis of 1857. In all this the Government co-operates by authorizing him to deposit with its officers, for periods long or short, any amount for which he may not have present use, receiving in return certificates by means of which he can withdraw the amount on giving certain notice; or at his pleasure receive bonds payable in three, four, ten, twenty, or forty years, receiving interest in gold or paper, according to the terms agreed upon; and here we have a security against depreciation the like of which the world had never seen before. It is a *safety valve* such as could not have been provided by any of the authorities to which the world has been indebted for those chapters of financial history which are connected with the Continental paper, the Assignat, or the Confederate notes.

Having thus shown what had been the circumstances under which the "greenbacks" have been offered for acceptance by the world, I propose now to show what is the extent to which they have been issued, and what have been the gold phenomena by which that issue has been attended.

The first batch of notes amounted to $60,000,000, and were issued under laws passed in July and August, 1861. Nearly the whole of these have since been withdrawn and cancelled.

The second emission was under a law of February, and the third under one of July, 1862, giving us at the close of that year a total

Government circulation of little less than $300,000,000. The price of gold as yet had changed but slightly. In June, 1862, it still stood at 104. In July and August it fluctuated between 109 and 119. In October it rose to 124, and for the rest of the year it varied between 130 and 137. Compared with what we since have seen, the advance thus far seems as very trifling; and yet the amount of legal tender notes then existing bore a very much *larger proportion* to the number of persons to whom a currency was to be supplied—to the business that was to be transacted—and to the surface that was to be covered than is at this moment borne by the notes now in circulation. Such being the case, as I propose to show it is, we must certainly look elsewhere for the cause of the present price of gold.

In February, 1863, that price rose to 171. Why was this? Not certainly because of any increase in the "greenback" circulation, the further emission of these having been accompanied by the withdrawal of the original $60,000,000 of treasury notes of which but $3,351,000 remained out in the following June. The amount of circulation must, therefore, have been but little more at this time, when gold was at 171, than it had been in the previous autumn when its price ranged between 115 and 124.

In the following month a further issue to the extent of $150,000,000 was authorized, and, according to the generally received theory, gold should now have risen. Did it so? On the contrary it fell, and in July, although the greenbacks then outstanding amounted to $400,000,000, was as low as 124. As it seems to me, we cannot in this direction find the cause of changes such as these.

In September the greenbacks issued had risen to $415,000,000, and the price of gold to 143. The two, however, could have had no necessary connection with each other, gold being now much *lower* than it had been in the previous February, while the circulation was *higher* by little less than $100,000,000.

By the act of March, 1863, the Secretary had been empowered to issue interest-bearing notes, legal tender for their face, to the extent of $400,000,000. Of this power no use appears to have been made prior to the first of October of that year. In that and the following month there were issued of greenbacks $15,000,000, and of interest-bearing legal tenders $35,000,000; and it is fair to assume a further issue for December of $30,000,000, bringing

up the total amount to nearly $500,000,000. What was the effect of this upon gold? Did it carry it up to, or beyond, the price at which it had stood in the previous February? On the contrary, although in the meantime $200,000,000 had been added to the legal tenders issued, it remained 20 per cent. lower, the price on the first of January being only 151. How the opponents of what is called "the paper money system" can reconcile these facts, I do not clearly see.

Since then the price has been nearly as follows:—

January . . .	157	May	192	September . .	220
February . . .	159	June	240	October . . .	220
March	165	July	276	November . . .	230
April	178	August	257	December . . .	220

Throughout the whole of these latter months there had been the most violent fluctuations, but these figures will, I think, suffice to give you, my dear sir, a general idea of the whole movement.

What, in the meantime, had been the course of the Treasury in regard to the issue of legal tender notes? For a reply to this question I must refer you to the following figures exhibiting the state of that portion of the public debt on the first of November last:—

I. Of greenbacks the amount then outstanding was .	$433,000,000
II. Of one year notes	43,000,000
III. Of two year notes	16,000,000
IV. Of two year coupon notes	61,000,000
V. Of three year notes	102,000,000
	$655,000,000

The amount is here shown to have been greater by about one hundred and fifty millions than it had been a year before, but of this how much was there that really remained in circulation? At the present moment, as I am assured, two-thirds of Nos. II., III., and IV. have been absorbed by individuals and institutions, and have ceased to constitute any portion of the circulation. Such, likewise, is the case with a portion of No. V. Admitting, now, the quantity since issued of this last to be equal to the amount of the others so absorbed in the last three months, we obtain, as a deduction from the above *apparent* circulation, the large sum of $80,000,000, and thus reduce the real amount to $575,000,000.

Is this, however, all the deduction needed to be made? By no means! Throughout this period banks have been parting with their gold, and substituting for it United States notes, both demand and interest-bearing, and individuals, to a vast extent, have followed their example. The farmer pays for what he needs in local notes, but he puts aside his "greenbacks." The miner and the mechanic—the laborer and the village shopkeeper—the soldier and the sailor—the immigrant who is seeking to invest his little capital, and the sempstress who is trying to accumulate the means with which to purchase a sewing-machine—all of these have become hoarders of "greenbacks," which have thus been withdrawn from circulation, and have, for the time being, no more influence upon either the gold or produce markets than they would have had they been altogether blotted out of existence. Adding now together all these quantities, we shall, as I think, readily obtain the sum of $75,000,000, and thus reduce the actual Treasury circulation to the precise point at which it stood at the close of 1863, when the price of gold was 151.

There is, however, another portion of the circulation which now demands attention. At the date of which I have spoken there were in existence 631 national banks, with an authorized capital of $428,000,000, to which there had been *issued* notes amounting to $72,000,000. To what extent those notes had then been *circulated* we cannot tell, but we know, from the Report of the Commissioner of the Currency, that on the first Monday of the previous October their actual circulation amounted to only $45,260,000, to meet which, and to provide for payment of their depositors, they held, in "specie and other lawful money," $44,801,000. Of the first, the quantity held is likely to have been very small indeed, but admitting it to have been even as much as $10,000,000, and that another sum of equal amount had been in the form of interest-bearing legal tenders, the quantity of "greenbacks" held by them must have been $25,000,000. This would reduce their *apparent* addition to the quantity of "paper money" to but $20,000,000; but when we take into view the fact that in the year embraced in the Report 168 State banks had become national institutions, and that, to the extent of their issues, the new notes had been mere substitutes for those previously in existence, we see that the *real* addition thus made to the circulation had been a quantity too small to be worthy of any serious attention.

At the date of the battle of Gettysburg, say July 3, 1863, the legal tender circulation was, as has been shown, $400,000,000, with gold at 124. With a present circulation of only $500,000,000, gold is above 200; and yet, as I propose now to show, its amount is *very far less*, in proportion to the space over which it is circulated, to the population to be supplied, and to the work to be done, than it was at the date to which I have referred.

At that time we had secure possession of scarcely any portion of the country south of Mason and Dixon's Line, the Ohio and the Missouri. We did, it is true, still hold Washington, but a rebel army was then in Maryland. South of that, in the Atlantic States, we held Fortress Monroe, Norfolk, Newbern, Hilton Head and its immediate neighborhood. Kentucky was then exceedingly disturbed, while Tennessee was mainly occupied by rebel armies. Missouri was, in almost its whole extent, a "debateable land," while rebel forces occupied nearly the whole of Arkansas and by far the larger portion of Louisiana. On the Mississippi we held Memphis at the north and New Orleans at the South. Throughout the border and Southern States, therefore, there was little work being done, and little use for circulation of any description whatsoever; and of what was used nearly the whole consisted of Confederate notes.

To-day, the Federal circulation is needed throughout Maryland, the larger portion of old Virginia, Kentucky, Tennessee, Missouri, Arkansas, much of Mississippi and Louisiana, parts of Georgia, Alabama, and North Carolina, and throughout the whole region bordering on the Mississippi. It is needed, too, by every emigrant to Minnesota, Nebraska, Colorado, and Nevada; and thus, while we have, in the last eighteen months, added largely to the population to be supplied, we have almost doubled the territory within which that population may be found.

Simultaneously with all this we have added little less than one-half to the productive powers of our people, and to the transactions for facilitating which a general medium of circulation is required.

Having studied these things you will, my dear sir, as I think, be disposed to agree with me in the conclusions at which I have arrived, as follows:—

That the circulation bears now a much smaller proportion to the need for it than it did at the time when gold stood at 124.

That to this is to be attributed that the "greenback" is frequently so scarce as to interfere, and that seriously, with the operations of the Government; and

That, if we desire to find the cause of the present high price of gold, it is in quite another direction we must look for it.

What that direction is I propose to show in another letter, and meanwhile remain,

Yours, very truly,

HENRY C. CAREY.

Hon. SCHUYLER COLFAX.

PHILADELPHIA, February 13, 1865.

THE CURRENCY QUESTION.

LETTER FOURTEENTH.

DEAR SIR:—

The power of a bank to make loans is derived from the use of its capital; from its power to furnish circulation; and from its further power to apply to the purchase of securities the moneys standing to the credit of those with whom it deals, and known by the name of *deposits*.

That it is not to the use of the first we are indebted for the inflation now complained of is very certain. That variations in the second have been only those consequent upon changes otherwise produced has been already shown. There remains, then, only the third, and to that it is that I now propose to call your attention, first, however, asking you to accompany me for a moment in an examination of the effect which necessarily results from the loan by banks of moneys for which they themselves are indebted to others, and which they may, at any moment, be called upon to refund.

Let us suppose you, yourself, to have received on any given day notes, or specie, amounting to ten, fifteen, twenty, or fifty thousand dollars, and that while waiting to re-invest them you have placed them in your safe. Going now on change, you find that sum to be there represented by *yourself alone*.

Let us next suppose that instead of so placing them you had had them put to your credit in a neighboring bank, and that the bank had forthwith lent them to a dealer in money, or in stocks. Going on change under these circumstances you find your money *twice represented;* first by yourself who have it, as you suppose, in the bank; and next, by the man who had borrowed it and had had it put to *his* credit precisely as it had previously been placed to *yours*. Here is a very simple operation by means of which the amount of deposits has been doubled *by the action of the bank itself;* and here it is that we find the cause of all the inflation of which we

so often have had reason to complain, and to which, as I propose to show, we chiefly owe the numerous and extraordinary changes in the price of gold.

By the last report of the Superintendent of the New York banks the amount for which they then stood indebted to individuals, called depositors, was nearly $250,000,000. The owners of this vast sum might be seen passing up and down Wall Street, as fully ready to purchase stocks or notes as they could have been had it been in their private safes. Side by side with them, however, might be seen other individuals to whom *that same amount* had been lent, and who were equally ready to bid for any securities that might be offered. The $250,000,000 of *capital* had thus become $500,000,000 of *currency*, so to remain until the owners might claim to be repaid. The bank then making the same demand upon its debtors the $500,000,000 of currency would forthwith shrink into its original dimensions, and become once again but $250,000,000.

No such general demand would, of course, ever be made, and that none such has been needed for producing the crises of the past, or the gold excitements of the present, will be seen on an examination of the following figures, presenting, in millions, the movements of the New York banks before and after the great crisis of 1857 :—

	June '56.	Sept. '56.	June '57.	Sept. '57.	Dec. '57.
Capital . . .	92	96	104	107	107
Circulation . .	31	34	32	27	24

Leaving the circulation now wholly unprovided for, we will take the amount of the so-called deposits, and set against these latter the whole amount of specie with a view to ascertain what had been the amount of currency created by *the ballooning system* :—

Deposits . .	103	104	109	85	83
Specie . . .	14	15	14	14	29
Lent out . .	89	89	95	71	54

In the first two of these periods 89 millions of real capital had become 178 of currency. In the third *that* currency had risen to 190. In the last it had, by the simple process of calling in loans, been carried down to 108.

The facts here exhibited in regard to the circulation are—

First, that up to the moment just preceding the explosion there

had not only been no increase, but an actual reduction in its amount; second, that that reduction had been *consequent* upon a closing of workshops and suspension of business otherwise produced; and third, that, notwithstanding the almost entire suspension of business, the apparent reduction was but $8,000,000. That the real one must have been very far less than this will be obvious to all who know how large is the amount of notes of other banks remaining unexchanged, and for the time being out of circulation, at a time of financial ease, compared with that which is so retained in a period of crisis as severe as that now under examination.

Those exhibited in regard to the process of *duplication* to which your attention has been called, are as follows:—

First. The very small increase that had been required for producing the largest excitement throughout the country at large. The total amount from June, 1856, to June, 1857, was, as here is shown, but six millions; and yet there had been thus produced an inflation of the value of property throughout the country to the extent of many hundreds of millions:

Second. The very small reduction required for precipitating a whole community into a state of absolute and entire ruin, such as existed at the date of the last returns here given. The whole reduction had been but forty-one millions, and yet the changes in the value of property thereby produced counted certainly by thousands of millions.

What caused the rise? The use *by* banks of the property of others. What caused the fall? The demand *of* the banks for payment by their debtors. Who suffered? Every man who was in debt. Who profited? Every one who had the command of money. The rich were thus made richer and the poor made poorer by means of an inflation caused by the action of those very bank managers who, in all times past, had largely profited of such changes.

With all this, as has been shown, the circulation had nothing whatsoever to do, nor could it have, for the reason that *that* portion of the currency is governed by the people themselves, and not in any manner controlled by bank directors. Nevertheless, all our laws are framed as if the circulation were really the portion which needed regulation.

Following out the view thus presented I give you now, in

the following figures, the movement of the same institutions in the past four years:—

	June '61.	June '62.	Dec. '62.	June '63.	Sept. '63.	Mar. '64.	June '64.	Sept. '64.
Capital	110	109	109	108	109	109	108	107
Circulation	26	39	39	32	33	31	32	33

In the first of these periods the circulation was small because our people were almost wholly unemployed. This was a *consequence* of error elsewhere, and not itself a cause of error.

Deposits and bank balances .	139	206	258	272	288	354	298	297
Specie and bank balances .	60	55	65	63	53	46	43	40
Lent out	79	151	193	209	235	308	255	257

The duplication of these vast sums, consequent upon the very simple process of placing money to the credit of A, as a depositor of his own property, and to that of B as a borrower of the same money, gives the following very remarkable figures:—

	158	302	386	418	470	616	510	514
Price of gold at same dates	par	103 to 109	131 to 133	147	128 to 142	161 to 165	195 to 245	255 to 191

The seventh column gives the precise period of the agitation caused by the passage of *the gold bill;* and from that to the eighth we have in the price of gold the effect of the extreme depression of the public mind of July and August last. It is by no means to be assumed that the gold variations have been altogether caused by the inflation above exhibited; but, that they have to nearly their whole extent been so, the figures above most clearly prove. Were bank loans reduced to the point at which they stood three years since, gold would be now as cheap as it was then.

The *addition* to the currency that had thus been made by the banks of the single State of New York, in comparing March, '64, with June, '61, appears to have been precisely $229,000,000. In all such movements the rest of the country, although at a long distance, follows suit to New York city. Three years since, when gold was still at par, the debts, called deposits, of the Pennsylvania banks, stood at $25,000,000. A year since, with gold at 165, they had already doubled; and since that time the movement in the direction of expansion has been at a greatly accelerated

pace. In the last twelve months the deposit line of the Philadelphia banks alone has increased $14,500,000, most of their gold meanwhile having been converted into interest-bearing legal tender notes. As a consequence of all this, the interest-bearing securities held by them are little less than quadruple the amount of their capital. The inflation of this city alone is greater than was that of New York city prior to the great crisis of 1857.

The *addition* thus made to the currency of Pennsylvania can scarcely be estimated at less than $40,000,000. Allowing now for all the rest of the loyal States only twice that sum, we obtain $120,000,000, which, added to that of New York, gives us a total of $349,000,000.

Of what does this addition consist? Of precisely the same material that is used for inflating all other balloons—gas, *and nothing else.* The slightest pinhole causes it to disappear, and therefore is it that we meet with changes in the dimensions of the machine violent as are those here exhibited in figures representing, in millions, the loans, throughout the past year, of New York city banks:—

January . .	174 to 162	July . . .	198 to 185
February . .	163 to 174	August . .	185 to 188
March . .	182 to 199	September . .	189 to 185
April . . .	203 to 194	October . .	185 to 186
May . . .	198 to 195	November . .	187 to 192
June . . .	196 to 197	December . .	196 to 204

At one moment, as we see, gas is injected, and prices of gold, stocks, and commodities generally throughout the country, rise—and then the initiated sell. At another, it is compelled to escape, prices then falling, to the great advantage of those who had so lately sold. Such is the movement that is allowed to remain unregulated, the aid of Congress being meanwhile invoked in favor of establishing control over a circulation already regulated by means of that "higher law" which subjects to the popular will that portion of the financial movement.

Most widely different from all this is the action of that portion of the currency furnished by the Treasury, and known by the popular name of "greenbacks." In the one case, the addition represents nothing but *the will* of certain persons whose interests are to be promoted by expansion, to be followed, on the succeeding day probably, by contraction. In the other, it repre-

sents property delivered or service rendered to the Government. In the one, it is local, and the effect upon prices is great in proportion to the limitation of the space. In the other, it is paid out to the soldier, wherever found, whether in the hospitals of New England, the camps of the Centre, or the armies of the South and Southwest. It goes into the pocket of each individual, there to remain until he can find an opportunity to send it home, or in some other manner to use it for his private benefit. It goes into the pockets of farmers, miners, mechanics, laborers, sailors, traders large and small, enabling each and every one to buy for cash, and cheaply, what before he could obtain only at the single shop at which he could have credit. It helps to build ships on the Atlantic and the Pacific, on the lakes, and on the Mississippi; and it pays the men who sail or work those ships. It enters into every home of the Union, and into every old stocking by help of which the sewing-woman is preparing for the purchase of a machine, or the laborer for that of a house. The field of its operation is coextensive with the Union, and its power to affect injuriously the prices of gold, labor, or commodities generally, is in the *inverse ratio* of the extent of that field. Nevertheless, to prevent the possibility of injury from that source, the Treasury has created an acceptable investment, coextensive with the "greenbacks" in amount, by means of which every holder is enabled to convert into an interest-bearing security whatsoever surplus may be in his hands. Having thus provided a perfect *escape-valve*, neither the captain nor the crew need fear explosion.

The banker, on the contrary, desires that there may be no valve whatsoever but that which he himself controls. When it suits him, he injects the gas, and continues so to do until he has arrived as near as he dares to go to the point at which explosion may be looked for. Next he withdraws the gas with equal rapidity, and thus produces crises like that of 1857, the following brief account of which, taken from Gibbons's *Banks of New York*, may now, my dear sir, have some interest for you :—

"The most sagacious of our city bank officers saw no indications of an unusual storm in the commercial skies. When the loans reached the unprecedented height of one hundred and twenty-two millions of dollars, on the eighth of August, they pointed to the annual reduction of ten or twelve millions in the autumn months, as one of the regular ebbs to which the market is subject; but

they had no foresight of extraordinary pressure, and no dreams of panic. Credit was extended, but 'the country never was so rich.'

"The banks began to contract their loans about the eighth of August. Securities immediately fell in price at the Stock Board. The failure of a heavy produce house was explained by the depression of that particular interest in the market. A report of dishonest jobbing, and of the misuse of funds in a leading railway company, caused partial excitement, without seriously disturbing confidence in mercantile credit.

"On the twenty-fourth of August, the suspension of the Ohio Life Insurance and Trust Company was announced. It struck on the public mind like a cannon shot. An intense excitement was manifested in all financial circles, in which bank officers participated with unusual sensitiveness and want of self-possession. Flying rumors were exaggerated at every corner. The holders of stock and of commercial paper hurried to the broker, and were eager to make what a week before they would have shunned as a ruinous sacrifice.

"Several stock and money dealers failed, and the daily meetings of the Board of Brokers were characterized by intense excitement.

"Every individual misfortune was announced on the news bulletins in large letters, and attracted a curious crowd, which was constantly fed from the passing throng.

"The Clearing House report for the twenty-ninth of August—the first after the suspension of the Ohio Life Insurance and Trust Company—showed a reduction of four millions of dollars in the bank loans during the previous week.

"The most substantial securities of the market fell rapidly in price at public sale.

"The safety of bank-notes in circulation was suspected or denied. The publishers of counterfeit detectors spread alarm among the shopkeepers and laborers, by selling handbills with lists of broken banks, which were cried about the streets by boys, at 'a penny a-piece.'

"One of the Associated Banks fell into default at the end of August, and a fraud of seventy thousand dollars by the paying teller roused suspicion of similar misconduct in other institutions.

"The regular discount of bills by the banks had mostly been suspended, and the street rates for money, even on unquestionable securities, rose to three, four, and five per cent. a month. On the ordinary securities of merchants, such as promissory notes and bills of exchange, money was not to be had at any rate. House after house of high commercial repute succumbed to the panic, and several heavy banking firms were added to the list of failures.

"The settlements of the Clearing House were watched with the expectation of new defaults; and their successful accomplishment, each day, was a subject of mutual congratulation among bank officers.

"The statement of the city banks for the week ending September 5th showed a further reduction in the loans of more than four millions of dollars.

"Commercial embarrassments and suspension became the chief staple of news in all the papers of town and country. The purchase and transportation of produce almost entirely ceased.

"From this period, there was nothing wanting to aggravate the common distress for money. The failure of the Bank of Pennsylvania, in Philadelphia, was followed by that of the other banks of that city, and by those of Baltimore, and of the Southern Atlantic States generally. Commercial business was everywhere suspended. The avalanche of discredit swept down merchants, bankers, moneyed corporations, and manufacturing companies, without distinction. Old houses, of accumulated capital, which had withstood the violence of all former panics, were prostrated in a day, and when they believed themselves to be perfectly safe against misfortune.

"The bank suspension of New York and New England, in the middle of October, was the climax of this commercial hurricane.

"Such is the outline of the most extraordinary, violent, and destructive financial panic ever experienced in this country. What caused it? To what source or sources can it be traced? Where lies the responsibility of it? What lessons does it teach? What preventives are indicated against the recurrence of similar disaster? These are questions which agitate the public mind, and which ought to be answered, if possible, for our instruction and future guidance."

Seeking an answer to these questions, the author furnishes a full statement of the movement, its result being that of showing, as he says, "beyond cavil, that *the banks*, not the depositors, *took the lead in forcing liquidation.* In the twenty days prior to the 26th of September," as he adds, "the deposits fell off but $341,746, while the resources of the banks were increased $6,694,179."

The men who had taken "the lead" in measures which had prepared for the explosion proved now to be those most active in "forcing liquidation," and thus enabling themselves to purchase, at low prices, stocks, bonds, and real estate which they had sold at high ones. Aided by the large fortunes thus acquired men of the same stamp are this day exercising a power thrice greater than was then exhibited, the tendency of all their measures being in the direction of making the poor poorer and the rich richer than ever before; those of the Treasury, meanwhile, looking in a precisely opposite direction, and tending to lower the rate of interest, while increasing the power over his own actions exercised by the laborer, the miner, the mechanic, and the farmer.

The "greenback" has fallen on the country as the dew falls, bringing with it good to all and doing injury to none. The gas-formed currency, on the contrary, is in the financial world what the water-spout is in the natural one. Whirled about by the wind, and wholly uncertain in its movements, none can predict of this latter when or where its effects will most be felt, and all around are therefore kept in a state of fever closely resembling that which distinguishes the financial action of the present hour. The deluge comes at last, destroying both property and life, and making a desert where all before had been happiness and peace.

It is to restrictions upon the formation of the dew that we are now invited, leaving wholly unchecked the action of those who profit of the desolation caused by the water-spout. What are the results that seem to me likely to be obtained as a consequence of acceptance of the invitation, I propose to show in another letter, and meanwhile remain, my dear sir,

Yours, very truly,

HENRY C. CAREY.

Hon. SCHUYLER COLFAX.

PHILADELPHIA, Feb. 15, 1865.

THE CURRENCY QUESTION.

LETTER FIFTEENTH.

DEAR SIR:—

The lugubrious predictions of the London *Times* have, thus far, not been verified. The war is now, to all appearance, coming rapidly to a close, and not only are we not yet ruined, but there prevails throughout the country a prosperity such as, until recently, had never before been known. To what causes may this properly be attributed? How has it been possible that a community should have furnished so many hundreds of thousands of men, and so many thousands of millions of the material of war, without becoming even poorer than before? Let us see.

The act of secession *by* the South was an act of emancipation *for* the North. Up to that date the latter had been mere colonies, governed by those "wealthy British capitalists" whose mode of action is so well described in the Parliamentary Report, an extract from which has already more than once been given, but here repeated because of its powerful bearing on the question now before us:—

"The laboring classes generally, in the manufacturing districts of this country, and especially in the iron and coal districts, are very little aware of the extent to which they are often indebted for their being employed at all to the immense *losses* which their employers voluntarily incur, in bad times, in order *to destroy foreign competition, and to gain and keep possession of foreign markets.* Authentic instances are well known of employers having in such times carried on their works at a loss amounting in the aggregate to three or four hundred thousand pounds in the course of three or four years. If the efforts of those who encourage the combinations to restrict the amount of labor and to produce strikes were to be successful for any length of time, the great accumulations of capital could no longer be made *which enable a few of the most wealthy capitalists to overwhelm all foreign competition in times of great depression*, and thus to clear the way for the *whole trade* to step in when prices revive, and to carry on a great business before *foreign*

capital can again accumulate to such an extent as to be able to establish a competition in prices with any chance of success. *The large capitals of this country are the great instruments of warfare against the competing capital of foreign countries*, and are *the most essential* instruments now remaining by which our manufacturing supremacy can be maintained; the other elements—cheap labor, abundance of raw material, means of communication, and skilled labor—being rapidly in process of being equalized."

Profiting of its liberty, the North at once determined on the adoption of measures of protection to the farmer in his efforts for bringing the consumer of his products to take his place in the immediate neighborhood of the place of production, and thus to relieve him from the oppressive tax of transportation imposed upon him by the system above so well described. The effect of this now exhibits itself in the facts—

That the development of our mineral resources has been great beyond all former example:

That diversification in the pursuits of our people now exhibits itself in the naturalization of many of the minor branches of industry in regard to which we had before been wholly dependent upon Europe:

That the demand for labor has been so great as to cause large increase of wages:

That the high price of labor has caused great increase of immigration:

That demand for the farmer's products has so largely increased as to have almost altogether freed him from dependence on the uncertain markets of Europe:

That the internal commerce has so largely grown as to have doubled in its money value the many hundreds of millions of railroad stock:

That the prosperity of existing railroads has caused large increase in the number and the extent of roads:

That here, for the first time in the history of the world, has been exhibited a community in which every man who had labor to sell could sell it if he would, while every man who had coal, iron, food, or cloth to sell could find at once a person able and willing to buy and pay for it:

That, for the first time, too, in the history of the world, there has been presented a community in which nearly all business was done for cash, and in which debt had scarcely an existence:

That, as a necessary consequence of this, there has been a large and general diminution of the rate of interest:

That farmers, laborers, miners, and traders have therefore become more independent of the capitalist, while the country at large has become more independent of the "wealthy capitalists" of Europe:

That, so great have been the economies of labor and its products, resulting from great rapidity of the societary circulation, that, while building more houses and mills, constructing more roads, erecting more machinery, and living better than ever before, our people have been enabled to contribute, in the form of taxes and loans, no less a sum than three thousand millions of dollars to the support of government.

These are wonderful results, and for them we have been largely, yet not wholly, indebted to the re-adoption of the protective system. That alone was capable of doing much, but we should have failed in the prosecution of the war had not the Treasury, by the establishment of a general medium of circulation, given us what has proved to be a great *clearing house*, to which were brought labor and all of labor's products to be exchanged. Increased rapidity of circulation was a necessary consequence of this, and to that increase the greatly improved health of the societary body has been wholly due.

Such having been the results of the two great measures by which the first period of Mr. Lincoln's administration had been distinguished, it might have been believed that neither one of them would be abandoned without at least a full and fair inquiry into the probable consequences of any changes that might be suggested. Those who might have so thought could scarcely, however, have reflected upon the general character of our legislation. "No people," as it has been said, "so soon forget yesterday." None take so little thought of to-morrow. No one looks back to study the cause of the good or evil that exists, and it is as a consequence of this that we have so constantly relapsed into British free trade almost at the first moment that protection had brought about a cure of the evils of which it had been the cause. Hitherto, since 1861, our course has been onward, and in the direction that above is indicated. Now, as I propose to show, we are steadily retracing our steps; and if the forward movement has led us to our present prosperous state, it can scarcely well be doubted that the backward one will lead us once again to that calamitous one from which we so recently have emerged.

The most serious move in the retrograde direction is that one we find in the determination to prohibit the further issue of that circulation to which we have been so much indebted. Why is it made? Because journalists fancy that it is to "paper money" they must attribute the, to them, great fact that paper is so high! Because men who depend on fixed incomes fancy that they should live better were the gold standard once again adopted! Because every free-trader in the land charges the high price of gold to the use of "greenbacks," and sees therein the causes why he cannot, with profit to himself, fill our markets with British cloth and British iron!

What is the present effect of the hesitation of the Treasury to use the power that yet remains at its command? It is paralyzing the societary movement, to the great loss of both the people and the Government. Labor is less in demand. Cloth, iron, and a thousand other commodities move more slowly. Why all these things? Because the Treasury does not fulfil its contracts. The unpaid requisitions amount to $125,000,000, and the Treasury is empty. The contractor who obtains a certificate sells it at heavy loss; while many, as I am told, find difficulties interposed in the way of obtaining certificates, most of which have their origin in the indisposition to *acknowledge* debt when there exist no means with which to *pay* it. How it is with the men who are now serving in the field was well shown, a few days since, by Senator Wilson, when he told his brother Senators that "they needed more money than they could obtain to pay their just debts—what they had agreed to pay." "Tens of millions of dollars," he continued, "are now due to our armies, many of whose officers have been unpaid for months; the Generals, meanwhile, holding by handfuls resignations tendered by men who find themselves forced to retire, as the only means now left to them of providing for their families."

Turning now to a letter in this day's *Tribune*, I find a statement of the facts of the case, and their effects, to which you may perhaps excuse me for asking your attention. It is as follows:—

"It is useless to deny the fact that men once ardent in the cause are becoming lukewarm in their attachment to a Government which so sadly fails to discharge, in this respect, its self-imposed obligations, and seems so careless of those over whom specially the ægis of its protection should be thrown. No wonder that the soldier should grow weary when he reflects that his arduous hardships, undergone on long marches, in the trenches, on the picket line, scorching then under the rays of a midsummer's sun, and shivering

now in the merciless blasts of winter, exposed to all the inclemencies of a variable climate, are suffered to go so long unrecognized by his Government; no wonder that when every mail brings him the old story of his family's destitution, and when he remembers his inability to aid them, he should grow lukewarm in the cause which years ago he espoused with all the ardor of a man and a patriot. It is in vain that he tries to place country above home—above the wife whom he has solemnly sworn to cherish and protect, the offspring whom Heaven has given him to support, or the aged parents whose infirmities demand his filial consideration; the thought of his domestic responsibilities will absorb all others, and will embitter every hour of his soldier-life.

"Every day resignations are forwarded by officers whom stern necessity has compelled to ask for their discharge from the military service, in order that they may return home to relieve the pressing wants of their families, and shall we say, too, that desertions to the enemy frequently occur whenever men are impelled by the same motives. Officers and men, in making application for leaves and furloughs, are often forced to make the humiliating confession that they desire to go home to restore order to their households, upon which, during their absence, shame and dishonor have fallen, and the plea of their families' extreme destitution is still more frequent. In the name of humanity, then, let the troops be paid with as little delay as possible; the best interests of the service demand it."

Entirely in keeping with this are statements coming from the West, of the great distress of Government contractors compelled to forced sales of the vouchers in their hands—of the great rise in the general rate of interest—and of the extremely sluggish state of the societary circulation. The Government has made itself responsible for the financial movement of the country, and when it stops payment there is stoppage everywhere.

Why has it stopped? Because those in the control of public journals fail to see that the cause of the high price of paper and of gold *cannot* be found in the circulation! Because the Government itself fails to see that the circulation now furnished bears a smaller proportion to the needs of the people, and to the extent of country requiring to be supplied, than did that which was furnished when gold could be bought at an advance of 10, 12, or 15 per cent.! Because all who write or speak on this subject fail to see that, with the extension of the power of the Union over the Cotton States, there must arise an absolute necessity for furnishing to the people of those States machinery of circulation adequate to the performance of the same work that has so well been done in these

Northern States! So far from diminishing the supply of that machinery, there is a pressing necessity for its increase.

Anxious for a reduction in the price of gold, journalists are almost everywhere calling upon Congress to increase the taxes, to give up *selling* machinery of circulation that costs it nothing, and to take to *buying* such machinery at the market price. Obedient to their orders the treasury *is* buying it, and the price at which it buys is shown in the following extract from an advertisement of the loan that is now on sale:—

"By authority of the Secretary of the Treasury, the undersigned has assumed the general subscription agency for the sale of United States treasury notes bearing seven and three-tenths per cent. interest per annum, known as the SEVEN-THIRTY LOAN. These notes are issued under date of August 15, 1864, and are payable three years from that time, in currency, or are convertible at the option of the holder into U. S. 5-20 SIX PER CENT. GOLD-BEARING BONDS. These bonds are now worth a premium of nine per cent., including gold interest from November, which makes the actual profit on the 7-30 loan, at current rates, including interest, about ten per cent. per annum, besides its *exemption from State and municipal taxation, which adds from one to three per cent. more*, according to the rates levied on other property."

This is certainly a high price to pay for the use of a little money, and the reason why it is so high is that the supply of the commodity needed is diminishing in the proportion borne by it to public and private needs.

We have here, however, only $200,000,000, interest upon which is to be paid in gold three years hence. Six hundred millions more are now asked for, and the demand is, we are told, to be accompanied by a withdrawal of even the existing power to furnish legal tenders bearing interest. As those now existing become more and more withdrawn from circulation, the societary machinery must gradually diminish in its quantity, and that, too, just at the time when the theatre on which it is to be employed is likely to be almost doubled. The necessary consequence of this must be such a rise in the rate of interest as will compel the export of Government bonds, and the rapid increase of dependence on the money markets of Europe—each step backward being thus but the precursor of another and greater one. So long as they shall continue to be sold abroad money will continue to be obtainable; but when the foreign market shall have become fully glutted

it will, as in the period from 1837 to 1842, become unobtainable at any price.

The gold interest now payable requires $60,000,000. Adding these new loans, and making their interest payable in gold, we shall, three years hence, need $108,000,000, most of which is likely to have to go to Europe. Add now to this, first, the $30,000,000 required for payment of interest on the old foreign free trade debt; second, only an equal amount for absentees, temporary and permanent; and we obtain a demand amounting to $168,000,000, that *must* be met before we can purchase a piece of cloth or a ton of iron. Where is all this gold to come from?

Tax the people! is the answer. Give us an income tax of 25 per cent.! Tax sales! Tax manufactures! All this is being done, and so thoroughly that important branches of manufacture are likely to be taxed entirely out of existence. Paying his taxes in paper, and obtaining cash for his products, the ironmaster can scarcely even to-day make head against those "wealthy capitalists" of England who have already placed themselves on such a footing, as regards freight and duty, that it is *they* who, under a gold system, will be protected, and not their American competitors. So, too, with paper, the domestic taxes on which are ten per cent., while foreign paper is likely to be admitted at three. So, too, as I understand, is it with leather. Mr. Sherman tells us that $40,000,000 in gold will be required to purchase paper abroad that if made at home would yield $10,000,000 to the treasury. Add to this $100,000,000 to pay for the iron needed for taking the place of that now made in furnaces that will then be out of blast, and we shall have quite enough to pay to those European nations whose markets are now glutted with food, and who have taken from us, in the past five months, of flour, wheat, and corn, just as much, *and no more*, as would command in gold somewhat less than *two millions of dollars.**

The contributions to the internal revenue made by paper, iron, and leather, appear, under the retrograde system now inaugurated, likely to be very small indeed. How will it be with other manufactures, paying as they must, at a gold value, duties that had been laid when two dollars in paper had been but the equivalent of one

* The precise quantities of these commodities shipped to Belgium, France, and Britain, has been: Of flour, 59,998 barrels; of wheat, 1,305,313 bushels; and of corn, 56,933 bushels.

in gold? How will it be with the farmer, obliged to look to Europe for a market for his products? How will it be with the miner and the laborer when rolling-mills are closed and mines have ceased to be worked? The answer to all these questions will be found in the simple propositions, that the power of accumulation increases almost geometrically as the rapidity of the *societary circulation* increases arithmetically; and that it declines in the same proportion as the circulation becomes more languid. In the few years through which we just have passed it has been increasing rapidly, but, under the change of policy that has been now inaugurated, it is already slowly moving in the opposite direction. Admitting the truth of those propositions, then must it be also admitted that, prompted by an anxious desire once again to handle gold, we are killing the goose that has already laid the many golden eggs so well described in the following paragraph, from this day's *Tribune*:—

"The internal revenue for the month of January just past amounted to the enormous sum of $31,076,902 89—over a million of dollars a day, including Sunday! And yet confessedly the machinery for collecting this branch of the nation's income is imperfect and undergoing change. Vast as is that sum of internal revenue, daily and monthly, how light a burden is it to the business of this rich and vigorous nation! And with what patriotic cheerfulness and acquiescence the people pay this tax to preserve their nation and to maintain democracy."

To what do we owe these wonderful results of a state of civil war? To rapidity of the societary circulation, and to nothing else! To what have we been indebted for that rapidity? To protection and the "greenbacks"! What is it that we are now laboring to destroy? Protection and the Greenback!

Let us continue on in the direction in which we now are moving, and we shall ere long see, not resumption but repudiation; not a contradiction but a confirmation of the predictions of the *Times;* not a re-establishment of the Union, but a complete and final disruption of it.

What are the means by which these calamities may be avoided, I propose to show in another and final letter, and meanwhile remain, my dear sir,

Yours, very truly,

HENRY C. CAREY.

Hon. SCHUYLER COLFAX.

PHILADELPHIA, February 17, 1865.

THE CURRENCY QUESTION.

LETTER SIXTEENTH.

DEAR SIR:—

The measures now in preparation, as regards both the customs and internal revenues, tend, as it appears to me, in the direction of stoppage of the societary circulation, of rise in the rate of interest, of increase in the power of men engaged in the creation of financial water-spouts, and of permanent maintenance of a premium on the precious metals. If so, then, if we are ever again to witness here the regular redemption of promises to furnish gold and silver, it must occur as a consequence of the adoption of a course of policy directly the reverse of all that recently has been done, and all that, if we are to credit the public journals, is in the contemplation of those who are charged with the direction of our financial movements.

The existing derangement of the currency is wholly due to the action of those who manage *the windbag system* described in a former letter, and while their operations shall continue to be, as now they are, wholly unrestrained, financial crises must continue to reappear, and the price of gold must continue to be as uncertain as is their course of action. Such being the case, it is of high importance that proper checks be forthwith instituted, and now, for the first time in our history, is it in the power of Congress to let us have them. To that end, let us have a law declaring—

First, that no bank shall hereafter so extend its investments as to hold in any form other than those of gold, silver, U. S. notes, or notes of national banks, more than twice its capital:

Second, that in the case of already existing banks whose investments are outside of the limits above described, any extension thereof beyond the amount at which they stood on the first of the present month shall be followed by instant forfeiture of its charter.

Having thus established a check upon further extension, the

next step should be in the direction of bringing the operations of existing banks within proper limits. To that end, let us have a provision imposing on all investments outside of the limits above described a tax which, when added to that already existing, shall amount for the present year to one per cent. In the second year let it be made $1\frac{1}{4}$ per cent. on all over 90 per cent. in excess of the actual capital upon which dividends are paid. In the third, $1\frac{1}{2}$ per cent. over 80 per cent.; and in the fourth, $1\frac{3}{4}$ over 70 per cent. Thenceforth let the tax grow at the rate of a quarter per cent. per annum until, by degrees, all banks shall have so enlarged their capitals, or so reduced their loans, as to free themselves from its further payment.

Holding interest-paying securities 70 per cent. in excess of its capital, a bank would be always in a condition of perfect safety, and could give to its stockholders dividends of at least 8 per cent. Such stock would be preferable to almost any other securities in the market, and there would be no difficulty in so enlarging the foundation as to give to the whole structure the form of a true pyramid, instead of the inverted one which now presents itself to the eye of all observers.

Let us have a law embracing these provisions, and we shall then be fairly on the way towards the establishment of a financial system the most perfect the world has ever seen. Let us have it, and, as you will clearly see, the need for restrictions on the circulation will wholly have passed away. The day, indeed, will then be near at hand when banks will have ceased to be competitors with the Treasury for furnishing circulating notes of any kind, and when the nation may profit to the extent of 50, if not even 60 millions a year of the power to furnish the machinery of circulation.

Simultaneously with the passage of such a law, let the Government determine honestly to pay its debts. The soldier in the field, and the officer who is placing his life in daily hazard, have a right to demand of the Treasury that it shall give them such certificates of its indebtedness as will enable their wives and children to go to the neighboring shop and purchase food and clothing.* The contractor and the shipbuilder have a right to claim that when certificates are issued they shall be in such a form as will enable them to

* The amount now due to the army alone is stated by Senator Wilson at the enormous sum of one hundred and thirty-eight millions of dollars.

avoid the further payment of the usurious interest to which they have so long been subjected. Paying promptly, the Government will buy cheaply; and should such payment have the effect of causing the supply of "greenbacks" to be in excess of the demand, the Treasury will thence derive a double benefit: first, in being thus enabled to borrow what it needs at reasonable rates; and second, in having its need for borrowing diminished by reason of the increased stimulus thereby given to that societary circulation upon the rapidity of which it is dependent for both the maintenance and the growth of the Internal Revenue.

The whole South now requires reorganization, and one of the first steps in that direction should be found in furnishing machinery of circulation. As much in need of this stands the whole of that great West for the development of whose wonderful powers we are now exporting in that direction so many hundreds of thousands of our people. If the Government does not supply that machinery, who is there that can or will do so? Look carefully, I pray you, my dear sir, at the vast field that is to be occupied, and at the great work that is to be done, and then wonder with me that the Government should permit its soldiers to perish in the field, while it is debating the terms of a loan to be made to it by men all of whose interests are to be promoted by a diminution of the circulation and an increase of the rate of interest. Let our soldiers be paid, let the credit of the Government be once again re-established, let the rate of interest be kept down, and let the Treasury reassert its independence, and all will yet go well.

Having thus, as paymaster, re-established its credit, let it next place itself in a creditable position as regards those who had been led to see in the Morrill Tariff a pledge of protection against those "wealthy capitalists" whose fortunes count by millions, and who use those millions as "instruments of warfare" by means of which they are enabled to "overwhelm all foreign competition, and to gain and keep possession of foreign markets." Let it restore those great fundamental branches of industry which constitute the pillars of our national temple to the position in which they stood in 1861, increasing the duties on foreign products by just so much as the taxes since imposed on domestic ones, and the result will then exhibit itself in the fact that sugar, tea, coffee, soda ash, and other raw materials of food and manufacture, will twice over make amends for any loss that may be experienced by the revenue be-

cause of the substitution of domestic cloth or iron for that now made in foreign furnaces or on foreign looms.

Let these things be done, and we shall then cease to look abroad for purchasers of our bonds. Let this be done, and we shall soon find ourselves on the road towards becoming purchasers of those now held abroad, *every one of which should be redeemed before we ever again place ourselves in a position to be required to furnish gold and silver in payment of our notes.*

To many it might seem that this would be a postponement of resumption to a date so distant that none of them would live to see it. Let, however, all such persons study what was done in this respect in the brief period of the existence of the tariffs of 1828 and 1842; let them next look to what has been done in the past four years; and they will see that all that I have indicated as what is needed to be done, is only what, under a sound and permanent system, *may be done before the lapse of the next decade.*

As a rule, reformers desire to move too rapidly, and therefore fail to attain their objects. They omit to see that when Nature has important purposes to accomplish, she works slowly and with almost invisible machinery, as when she sends the daily morning dew. When she desires merely to destroy a ship or to root up a forest, she sends the tornado or the water-spout. Let us follow her example. We have a great work to accomplish, and we should now profit of the lesson read to the world in that period which followed the close of the great war of the French Revolution, and exhibited a scene of destruction that had never before, in time of peace, been witnessed. Believing it to be one that should be carefully studied, I now invite you, my dear sir, to accompany me in a brief review of the facts in the order of their occurrence.

For twenty years the Bank of England had been injecting gas into the currency, but with the return of peace it became necessary that it should be steadily withdrawn. In the two years from 1815 to 1817, the bank directors had, by means of the very simple operation of calling in its claims on one hand, and reducing its liabilities on the other, reduced the apparent quantity of money at the command of the community to the extent of £12,000,000, or little short of $60,000,000. So far as regarded the operations of society, this had been equivalent to a total annihilation of that large sum, and to that extent a contraction of the standard by which the community was required to measure the value of all other commodities

and things. Had the yardstick been doubled in length, or the pound in weight, for the benefit of all persons who had contracted to purchase cloth or corn, the injury inflicted would have been trivial by comparison with the change that was thus effected. As compared with the property of the people of Great Britain, that sum was utterly insignificant, yet did its abstraction cause an arrest of the circulation almost as complete as would be that produced in the physical body by stoppage of the supply of food. Farmers and merchants were everywhere ruined. Of the country banks, no less than two hundred and forty—being one in four of their whole number—stopped payment; while one in ten and a half became actually bankrupt. "Thousands upon thousands," says Mr. McCulloch, "who had in 1812 considered themselves affluent, found they were destitute of all real property, and sunk, as if by enchantment, and without any fault of their own, into the abyss of poverty." Throughout the country, there was, to use the words of Mr. Francis Horner, "an universality of wretchedness and misery which had never been equalled, except perhaps by the breaking up of the Mississippi Scheme in France." *In the midst of all this ruin, however, the bank, which had supplied the gas, prospered more than ever, for the destruction of private credit rendered its vaults and its notes more necessary to the community.*

The groundwork having thus been laid by the bank, Parliament passed, in 1819, an act providing for the resumption of specie payments, and thus re-established, as the law of the land, the standard that had existed in 1797—among the most remarkable measures of confiscation to be found in the annals of legislation. For more than twenty years all the transactions of the United Kingdom had been based upon a currency less in value than that which had existed in 1796. In the course of that long period, land had been sold, mortgages given, settlements made, and other contracts of a permanent nature entered into, to the extent of thousands of millions of pounds, the terms of all of which were now to be changed for the benefit of the receivers of fixed incomes, and to the loss of those who had land, labor, or the produce of either, to sell. As a necessary consequence, land fell exceedingly in price, and mortgagees everywhere entered into possession. Labor became superabundant, and the laborer suffered for want of food. Machinery of every kind was thrown out of use, and manufacturers were ruined. Manufactures, being in excess of the demand, were

forced upon foreign markets, to the ruin of the capitalists and workmen, miners and machinists, of the other countries of the world.

Peace had brought with it widespread ruin, but it everywhere enriched the money-lender—*his* commodity rising, while land became so cheap that he could purchase at less than half its previous price. The annuitant and office-holder profited—their dividends and salaries having become payable in coin, that would purchase double the quantity of food and clothing for which they had at first contracted. Farmers and laborers, mechanics and merchants, were impoverished—their taxes remaining unchanged, while their labor, and its products, commanded less than half the money for which they would before have sold.

Bad as is this, it will be *infinitely* worse with us if we shall attempt to follow the example here placed before us. Let us put our house in order; let us adopt the measures needed for making the Declaration of Independence something more than a mere word of small significance; let us do all this slowly and quietly, and we shall set to the world an example in peace even more remarkable than that which has been set in the course of the present extraordinary war—returning to the old standard, and without the occurrence of the slightest crisis.

That this may be done, it is needed only that those who direct our fiscal operations shall recollect that the National Treasury has now become a partner in, and entitled to the lion's share of, the profits of every mine, every furnace, every mill, every workshop, and every farm in the land, and that every increase in the prosperity of such works must be to it a source of double profit: first, that arising out of the direct contributions of the work itself; and second, that resulting from the increased consumption of sugar, tea, coffee, and other commodities consumed by those who mine the coal, roll the iron, and make the engines and the cloth. The day for a clear perception of the existence of this harmony of all real interests may or may not be near at hand. For the promotion of its arrival, we need to see extended throughout the Union the same principle of association that has proved to be so effective throughout the present war. We need to see A GREAT NATIONAL LEAGUE, embracing men who grow wool, and others who convert it into cloth; men who make iron, and others who need railroad bars; men who raise food, and others who combine food and ore into iron; men who build ships, and others who consume the

sugar and the tea that ships transport; and finally, men who pay taxes, and others who make the laws under which those taxes are collected. In the words of Jackson, we need to be *Americanized.* Whenever the day shall arrive when we shall have so become, then, and not till then, shall we have placed ourselves in a position successfully to contend for the control of the commerce of the world, and thus to

OUTDO ENGLAND WITHOUT FIGHTING HER.

That control will find its place among the hands and heads of the community that makes and uses the largest quantity of iron. A single decade of the system above described would suffice for placing us, in this respect, side by side with England. At the close of another, she would be left far behind, and we should then have vindicated our claim to that position in the world of which our people so often talk, and of the true means of obtaining which they so little think.

Hoping that the event may prove that the time for serious thought has now really arrived, and begging you to excuse my numerous trespasses on your attention, I remain, my dear sir, with great regard and respect,

Yours, faithfully,

HENRY C. CAREY.

Hon. SCHUYLER COLFAX.

PHILADELPHIA, February 18, 1865.

THE RESOURCES OF THE UNION.

A LECTURE

Read December, 1865, before the

AMERICAN GEOGRAPHICAL AND STATISTICAL SOCIETY,
NEW YORK;

AND BEFORE THE

AMERICAN ASSOCIATION FOR THE ADVANCEMENT OF SOCIAL SCIENCE, BOSTON.

BY

HENRY C. CAREY.

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OUR RESOURCES.

It is of the resources of the Union, gentlemen, that I propose this evening to talk with you. By those who usually speak or write on that subject we are constantly told of the vast extent of our yet unoccupied land, of the great deposits of fuel and metallic ores by which our soil is underlaid, and of the rapidly-growing numbers of our population; and yet, if we look to Russia, Turkey, Canada, Mexico, or South America, the countries in which such land most exists; or to that European one, Ireland, in which the growth of population has been most rapid; we find among them precisely those in which land has the smallest money value, capital is most rare, interest at the highest rate, and the workingman most nearly in the condition of bond slave to the landholder or other capitalist. Turning our eyes homeward and comparing the different portions of the Union, we find, in the States south of the Potomac, the greatest natural advantages coupled with a population whose natural increase has been even greater than that of these Northern States; yet there it is that land has been cheapest, that capital has least increased, that interest has been at its highest point, and that the laborer has been most enslaved. Passing thence to the New England States, we find that, though wholly destitute of natural advantages, land is there scarce and high in price and man is free, while capital abounds, and interest, though high when compared with certain parts of Europe, is very low by comparison with almost any other portion of this Western Continent.

Crossing the Atlantic and comparing two of the smaller kingdoms, near neighbors to each other, Ireland and Belgium, both possessing great natural advantages, we find differences closely approaching those which are here observed. In the first, capital has been so scarce that, while holding the laborer in a condition nearly akin to slavery, the middleman possessor of money has been enabled utterly to ruin a large proportion of those who formerly owned the land; in the latter, on the contrary, land commanding a higher price than in any other part of Europe, and the use of money being readily obtained at the lowest rate of interest. Turning next to the French and Turkish empires, we find ourselves face to face with phenomena similar in character and even yet more remarkable for their extent. The former has no important natural advantages, yet is its land nearly on a par with that of Belgium, while capital so much abounds that money is readily there

obtainable at moderate interest. The latter, on the contrary, has every conceivable natural advantage, fertile land abounding and the climate being among the best in the world, while fuel and metallic ores exist in great abundance; yet there it is that, of all Europe, land is cheapest, interest highest, and the laborer most depressed; and that, as a necessary consequence, the State is weakest.

Comparing Germany of the past and the present we meet with similar contrasts. Forty years since she exported wool and rags and imported cloth and paper, and then her people were poor and her land very low in price, while she herself was little better than a mere tool in the hands of foreign powers. Now, she imports both wool and rags and exports both cloth and paper; and it is as a necessary consequence of the changes that have been thus effected, that land and labor have greatly risen in price; that capital abounds and interest is low; and that she herself feels strong enough to set at defiance, as in the case of the Duchies she recently has done, the almost united will of Europe.

Having all these facts before us we are led necessarily to the conclusion that, with societies as with individuals, prosperity is far less due to the liberality of nature than to the use that is made of the bounties, large or small, of which they have been the recipients. The highly-gifted man, head of his class, throwing away his time and wasting his talents, dies in poverty, despised by all; while the patient industry of the fellow scholar to whom nature had been far less bounteous, enables him to attain to fortune, fame, and influence. Precisely so is it with nations, the question of their prosperity or adversity being dependent, mainly, not on the extent of nature's gifts, but on the use that is made of those which have been accorded.

Studying now the several communities above referred to, we find them susceptible of being divided into two well-defined classes, one of which, embracing Ireland, Turkey, Mexico, Canada, and the South American States, exports its products in their rudest state, leaving to others the work of changing their forms, and thus fitting them for consumption by the world at large. The other, embracing France, Belgium, and the *Zoll-Verein*, buys the raw products of other countries, combines them with those produced at home, and sends the two, thus combined, to every market of the world. In the first of these the price of land is low, capital is always scarce, and the capitalist is master of the laborer, whose condition is little better than that of mere hewer of wood and drawer of water for the middleman by whose aid he maintains his little commerce with the outer world.

Looking now homeward we find our Union itself equally susceptible of division, the South and West exporting raw produce and paying at the highest rate for the use of a very little money; the North and East meanwhile buying that produce, changing its form, and returning it to the original producers burthened with the heavy charges to which our Eastern friends have stood indebted for the large capitals which are always ready to be lent

at rates of interest that, as I have already said, are moderate by comparison with those of the West and South, though high when compared with those of the European States to which reference has above been made.

Studying all the facts thus presented by so many important communities, we are led inevitably to the conclusion that the growth of capital is slow, and the price paid for its use high, in the direct ratio of dependence on strangers for finishing and distributing the products of the soil; while rapid in its growth and declining in its price in the ratio of the increase of that national independence which enables each and every nation to exchange directly, and without the need of foreign intervention, with each and every other. Admitting this, and all experience proves it so to be, then must the extent of national resources be mainly dependent upon the policy pursued, whether that which tends to promote or to repress the growth of that independence.

The questions asked by science are, "What are the facts?" and "Why are they so?" The first having above been answered, we come now to the second—"Why is it that poverty, high interest, and subjection of the laborer to the will of the capitalist are constant attendants of that course of policy which tends to limit nations to the two pursuits of labor in the field and labor in the shop—trade and agriculture?" To this an answer has recently been given by a well-known citizen of your State, one of the clearest-headed and most acute of economists, and late State Reporter—one to whom I gladly here acknowledge myself to have been indebted for many valuable suggestions—my friend Mr. Peshine Smith; and so well given that, although yet unpublished, I place it here before you, with his permission, in the words of his manuscript now in my possession, as follows:—

"Between the production of any commodity whatsoever, and its consumption, the interval, long or short, is one of inertness. So long as it so remains it stands a monument of human power and natural forces which, having expended themselves in bringing it into shape, slumber in suspended animation, not only communicating no impulse to that incessant activity which is the characteristic of vitality, but actually constituting a clog and obstruction that involves a draught upon the vital forces for the work of putting it again in motion. It is like an inorganic body contained within, and afflicting, an organism.

"The space to be overcome, and the time that must intervene before, by consumption, it evolves utility—thus becoming once again an instrument and a force—are co-efficients of its value, neutralizing in the same proportion the power of the community in which it so rests paralyzed. The growth of wealth, therefore, depends upon the rapidity of the societary circulation; not the speed with which products are transported in space, nor the frequency with which they pass from hand to hand; but the continuity of transformation through the immediate succession of actual consumption to production. This involves necessarily the concentration and interfusion of producers and consumers, the growth of wealth, and the diversification of employments."

Such being the theory, we may now compare it with the actual practice.

A bushel of wheat is produced representing, let us say, a dollar's worth of mental and physical force. The consumer being close at hand, the producer re-enters on the instant upon the possession of the whole capital that had been expended. Consumers not presenting themselves, the farmer stores it in his barn, losing so much interest. A neighbor offers to carry it for him, charging interest proportioned to the time that may reasonably be supposed likely to elapse before a consumer shall be found. A trader comes, and he now takes upon himself the burthen of carrying it, charging further interest. In this manner it passes from hand to hand and from city to city, finally finding a consumer in Lyons or Manchester, having on the road paid, in the mere form of interest, perhaps half the price at which it has at last been sold.

What is true of this single bushel is equally so of the hundreds of millions of bushels of wheat, rye, and Indian corn; of the thousands of millions of pounds of cotton; of the hundreds of thousands of hundred-weights of pork and beef, rice and tobacco, that are everywhere standing in barns, warehouses, wagons, cars, and ships, waiting the arrival of men prepared to give in exchange for them cloth, furniture, ploughs, harrows, and the thousand other commodities needed by the planters and farmers of the land. The whole constitutes a mass of petrified capital to be carried at the cost of the producer, and it is within the mark to estimate the amount so standing petrified at the present moment at five hundred millions of dollars, all of which bears interest. Turn back half a dozen years to the period of suspended animation that existed throughout the country before the war, and you will see that the amount of dead capital then carried must have greatly exceeded even a thousand millions. Can we then wonder at the high prices that, notwithstanding the wonderful gold discoveries of California and Australia, then were paid for the use of a little money by both our farmers and our planters? As I think, we cannot.

Let us now suppose that throughout the whole length and breadth of the land there had then, on the instant, sprung into existence, side by side with the producers, the number of consumers required for making an immediate market for the whole of this enormous mass, one offering in exchange personal service; another cottons; a third woollens; a fourth spades and hoes; and so on to the end of the chapter of the farmer's needs. At once, and almost as by enchantment, as in the case of the bottle of old wine made memorable by Webster's exclamation, the interest would have been stopped; the petrified capital would have sprung into activity and life; notes would have been paid; store debts would have been discharged; and the farmer would have found that instead of being dependent on the neighboring usurer for the means with which to buy sugar, tea, and coffee, he had in his hands a surplus ready to be applied to the purchase of all the machinery required for enabling him to double the produce of both his labor and his land. At what now might we estimate the gain to the community at large of this economy of

capital? Most certainly the figure would be twice that of the mere saving of the 12, 15, 20, 30, or 40 per cent. to be paid throughout the country, and would represent many hundred millions. In the life of nations, as in that of individuals, it is thus in the rapidity of circulation and consequent economy of labor and interest that we are to find the surest road to wealth and power.

The case here supposed is precisely that exhibited in every country in which the consumer and producer are near neighbors to each other. The Southern traveller in New England asks, "Where are your barns?" and finds his answer in the fact then given him, that everything yielded by the land is consumed on the instant of production. So is it around our cities, the market gardener finding instant demand for all his products. So, too, is it in Belgium and in France; and therefore is it, that in those countries capital abounds, and that the services of money can always be commanded at the lowest rates of interest.

Whence, however, it will be asked, could have come the vast amount of labor required for giving this almost instant life to the enormous amount of capital so petrified? Before answering this question allow me to ask you to look to the extraordinary waste of human power that occurs in every country of the world in which, by reason of the absence of diversity of employment, there exists no regular and steady demand for it. Taking together all the countries I have named as exporters of raw products, Russia, Ireland, Canada, Mexico, and South America, it may well be doubted if the waste of force amounts to less than five parts out of every six; and yet, each and every portion of it represents some certain amount of capital in the forms of food, clothing, and shelter, expended for the support of life. Each dollar's worth of that capital, aided by the natural forces, is certainly capable of producing twice if not even thrice the quantity expended, and when it does so the community becomes from day to day more wealthy to the extent of the entire difference. When, on the contrary, the services of the laborer are not demanded, the community is impoverished to the whole extent of the consumption. Such being the case, it is easy to comprehend why capital should be scarce and interest high in all the countries that have last above been named.

Between labor and labor's products there exists the important difference, that while the latter can be preserved in the interval between production and consumption, the former cannot. The owner of capital petrified in the form of unconsumed wheat loses only interest; whereas, the owner of unconsumed labor loses capital, labor power being that one species of it which if not consumed at the moment of production is lost forever. The more instant the demand for human service, and the more rapid its circulation, the greater must therefore be the increase of power and of force, the law governing the social body being identical with that which we feel and know to govern the

physical one, and which is embodied in the wish that "good digestion may wait on appetite and health on both."

The quantity of capital petrified in the form of raw products awaiting revivification in the years anterior to the war has, as you have seen, been estimated at much more than a thousand millions of dollars. Of how it was with capital in the form of muscular force we may form some opinion from the following passage from a Report of one of your charitable societies, exhibiting the state of things that here existed in December, 1855, nearly two years prior to the occurrence of the great crisis of 1857, as follows :—

"Up to the present, the Association has relieved 6,622 families, containing 26,896 persons, many of whom are families of unemployed mechanics, and widows with dependent children, who cannot subsist without aid. And as the season advances the amount of destitution will increase. Last winter it was three times as great in January as in December, and did not reach its height until the close of February."

This is the type of all the reports that might, in the years that followed, have been made throughout the Union. Look where we might, men and women were seen unemployed, because mines had been abandoned; furnaces put out of blast; mills and machine-shops closed; and farmers deprived of the power to make demand for labor because compelled to choose between storing their products on the one hand, or, on the other, selling them at the ruinous prices that then prevailed. Taking the whole country through, from North to South and from East to West, it may safely be asserted that two-thirds of the capital daily invested in the production of human force were then being daily wasted. Estimating now the national labor power as being equivalent to that of eight millions of men, and the power of production of that labor, properly aided by machinery, at but two dollars and a half per head, per day, the daily loss would have amounted to thirteen millions, or $4,000,000,000 a year. Capital in one form was thus being destroyed because other capital was standing petrified in the forms of corn, wheat, lumber, rice, and other commodities for which no market could be found; and therefore was it that, with the treasures of California at our command, money was scarce and high, and public and private credit at the lowest ebb.

Having thus shown what was the waste of interest and of that capital which took, necessarily, the form of physical and mental force, we may now for a moment look at the waste of things. The straw of France is valued at $150,000,000; but throughout the West it is destroyed because of the absence of that market for it which arises necessarily in all communities in which employment is diversified. The manure of England is valued at £100,000,000, and near our cities manure is greatly prized; but throughout that portion of the country which sends its products to market in the rudest forms there is a constant withdrawal of the elements of fertility, the consequence of which exhibits itself in a steady decline in the powers of the soil.

How enormous is the injury thus produced may be judged when it is known that more than a dozen years since it was stated, and by high authority, that our total annual waste "could not be estimated at less than the equivalent of the mineral constituents of fifteen hundred millions of bushels of corn." Well might the author of this statement exclaim, that "what with our earth-butchery and our prodigality we were every year losing the elements of vitality;" and that although "our country had not yet grown feeble from this loss of life-blood, the hour was fixed when, if the existing system were continued, the last throb of the nation's heart would have ceased, and when America, Greece, and Rome would stand together among the nations of the past!"

The reverse of this is seen in all those countries in which the producer and consumer are brought more near together.

With every stage of progress in that direction, the various utilities of the raw materials of the neighborhood become more and more developed; and with each the farmer finds an increase of wealth. The new mill requires granite, and houses for the workmen require bricks and lumber; and now the rock of the mountain side, the clay of the river bottom, and the timber with which they have so long been covered, acquire a money value in the eyes of all around him. The granite dust of the quarry is found useful in his garden, enabling him to furnish cabbages, beans, peas, and the smaller fruits for the supply of neighboring workmen. On one hand he has a demand for potash, and on another for madder. The woollen manufacturer asks for teazles, and the maker of brooms urges him to extend the cultivation of the corn of which the brooms are made. The basket-makers, and the gunpowder manufacturers, are rival claimants for the produce of his willows; and thus does he find that diversity of employment among those around him produces diversity in the demands for his physical and intellectual powers, and for the use of the soil at the various seasons of the year; with constant augmentation in the powers of his land and in its price.

Directly the reverse of all this becomes obvious as the consumer is more and more removed from the producer, and as the power of association is thus diminished. The madder, the teazle, the broom corn, and the osier cease to be required; and the granite, clay, and sand continue to remain where nature had placed them. The societary circulation declines, and with that decline we witness a constantly increasing waste of the powers of man and of the great machine given by the Creator for his use. His time is wasted, because he has no choice in the employment of his land. He *must* raise wheat, or cotton, or sugar, or some other commodity of which the yield is small, and which will, therefore, bear carriage to the distant market. He neglects his fruit-trees, and his potatoes are given to the hogs. He wastes his rags and his straw, because there is no paper-mill at hand. His forest-trees he destroys, that he may obtain a trifle in exchange for the ashes

they thus are made to yield. His cotton-seed wastes upon the ground, or he destroys the fibre of the flax that he may sell the seed. Not only does he sell his wheat in a distant market, and thus impoverish his land, but so does he also with the very bones of the animals that have been fattened with his corn. The yield, therefore, regularly decreases in quantity, with constant increase in the risk of danger from changes of the weather, because of the necessity for dependence on a single crop; and with equally constant diminution in the powers of the man who cultivates it, until at length he finds himself a slave not only to nature but to those of his fellow-men whose physical powers are greater than his own. That it is density of population that makes the food come from the richer soils and thus enables men further to increase their power to command the various forces of nature, is a truth evidence of which may be found in every page of history; and equally true is it, that in order to the cultivation of those soils there must be that development of the latent powers of man which can be found in those communities only in which employments are diversified.

Combining together the various items of waste thus far referred to, we obtain an annual amount that counts by thousands of millions of dollars, and that well accounts for the fact that capital has here been always scarce and interest high; and that we have been compelled to look abroad for aid in the establishment of communications, promising always payment for its use at prices ruinously high, and then, when bankruptcy has come, finding ourselves compelled to submit to denunciations like the so often quoted one of the Rev. Sidney Smith; and yet, it is only at the threshold of this question of waste at which we have now arrived.

We have land in abundance without the power properly, or fully, to cultivate it. We have timber in abundance, but need the power required for bringing it to market. We have iron ore in abundance, but are deficient in power to convert it into axes, ploughs, rails, and engines; and yet in our beds of coal, vast beyond those of all Europe combined, we have an inexhaustible supply of that material a single bushel of which is capable of doing the work of hundreds of men. Why do we not mine it? Because we need the capital required for sinking shafts and purchasing engines; and yet, in the period to which I have referred there were more than a thousand millions of capital standing petrified at the expense of its producers, and we were wasting daily millions of that labor-capital whose application in this direction would have added so largely to the national wealth. How wonderful is the addition that may thus be made has well been shown in the results so recently attained in California, and still more recently in the oil regions of Pennsylvania and the adjacent States. Greatly more wonderful than both of these combined must have been the effects that would have resulted from the application to the development of our marvellous and almost universal resources in coal and ores of even so small a proportion as a single fifth of the labor capital that was being wasted on each and every

day of the sad years to which I have referred—the years in which we paved the way for the leaders of the secession movement. To estimate the annual addition that would, in that quarter alone, and by means of that comparatively small economy, have been made to the national wealth, at $1,000,000,000, would be to remain very far indeed within the truth.

Failing to develop our mineral wealth we are led necessarily to a waste of the mental power for whose development we make such large expenditures on schools and colleges. Among the seven and thirty millions of whom the population of the Union is now composed, the variety of minds is on a par with the variety of faces, each and every one being better suited for some one occupation than for any other. To enable each to find that place in which he may most fully contribute to the growth of wealth and power, and to the promotion of the societary interests, there needs to be that diversification of pursuits which never can arise in a country that exports its products in the rudest state. In all such countries, the round man finds himself placed in the square hole, and the square man in the round one, each thus deprived of power to contribute his proper share to the advancement of the community of which he is a part. More than at almost any period of our history was this to be seen at the period of which I speak; and, as a necessary consequence, the proportion borne by non-producers, middlemen of every description, to producers was greater than in probably any other country claiming to rank as civilized. For want of the capital that then remained inert and useless, bearing interest at the cost of its producers, the mill, the mine, and the furnace were closed, and those who should have been furnishing for consumption all the various products of the earth found themselves compelled to become clerks and traders, lawyers and doctors, the claimants on the things produced thus increasing in number precisely as production diminished.

The power of accumulation, whether in the physical or social body, exists in the ratio of the rapidity of circulation. The circulation at the time of which I speak was sluggish in the extreme, and hence it was that, notwithstanding the vast receipts from California mines, capital was petrified, credit was impaired, and the rate of interest throughout the West great, as I believe, beyond all previous precedent. In the history of the civilized world there can, as I think, be found no parallel to the waste of physical and mental force that then was taking place. Seeing this, I then often told my friends that the tariff of 1846 was costing the country not less than $3,000,000,000 a year, but am now satisfied that I should have been much nearer the truth had I placed it at double that amount.

That waste, so far particularly as the 20,000,000 of the population of the Free States were concerned, was at its height throughout the whole period of Mr. Buchanan's administration. For the products of their agriculture there was almost literally no demand among the manufacturing nations of Europe, our exports of food in that direction in the three years

that preceded the secession movement having averaged but $10,000,000. Corn in the West was then being used for fuel, and thus was its producer compelled to lose not only the interest upon his capital, but the very capital itself that he had thus invested. Labor power was in excess, and men were everywhere wandering in search of such employment as would enable them to purchase food. Mills and furnaces were abandoned, and so trivial was the domestic intercourse that the stock of a number of the most important roads of the country fell to, and long remained at, an average price of less than fifty per cent. For years we had been trying the experiment as to how large the outlay of labor could be made for the accomplishment of any given result, an experiment directly the opposite of that which is tried by every successful producer of corn or cotton, cloth or iron ; the effect exhibiting itself in the fact, that the community was paralyzed, and so wholly destitute of force that had the government then found occasion to call upon the whole 32,000,000 for a sum so small as even a single hundred millions, it could scarcely have at all been furnished.

Nevertheless, hardly had Mr. Buchanan left the seat of government when three-fifths of the nation, numbering but 20,000,000, commenced the erection of the grandest monument the world has ever seen; one that during the whole five years that have since elapsed has, on an average, required the services of more than a million of men, or more than five per cent. of the total population, male and female, sick and well, young and old. Not only have those services been given, but during all that time the men employed have been well clothed, abundantly fed, and furnished with transportation to an extent, and in a perfection, unparalleled in the history of the world. With them, too, have been carried all the materials required for making the edifice in whose construction they were engaged as durable as we know to have been the great pyramids erected by Egyptian monarchs. A wonderful work was it to undertake. More wonderful is it to see that it has been so soon and so well accomplished, to stand in all the future as the monument par excellence of human power.

Whence came the extraordinary force that we see to have been thus exerted? How was it that a people which in 1860 had been so very feeble could in the succeeding years have made donations to the extraordinary extent of a thousand millions of dollars a year? The answer to this question is found in the fact that the conditions of national existence had wholly changed, activity and life having succeeded to paralysis, and the societary circulation having become strong and vigorous to an extent that had never before in any community been known. For the first time there was presented for examination a nation in which the demand for labor and all its products went ahead of the supply, enabling both farmer and planter to "stop the interest" upon capital that had so long been petrified in the crudest forms of agricultural production, and thus to enable them to make demand for the products of other labor applied to the development of our mineral wealth,

and to the conversion into commodities fitted for human use, of the products of our hills and valleys, our farms and mines. The secret, gentlemen, of all the force that recently has been so well exerted—a force so extraordinary as to have astonished the world at large—is to be found in that simple principle to which I already have referred, evidence of whose truth is found in the books of every trader of your great city, and which is found embodied in words already given—the power of accumulation exists in the ratio of the rapidity of circulation.

What, however, was the force applied? Why was it that activity had so instantaneously succeeded to apathy—that life and energy had replaced the paralysis that had till then existed? Had these questions been put a year since, nine-tenths of our people would have said that it had been caused by the demands of the government and must terminate with their cessation; and yet, of all the vast body of men who might thus have answered there could not have been found even a single one who could have explained how the abstraction from other pursuits of the labor of a million of men, and the necessity for feeding and clothing them while engaged in the erection of such a monument as that of which I have spoken, could, by any possibility, have produced the extraordinary effects that have been here observed.

To attribute the activity and life then existing to the government demands is to substitute effect for cause. It was the force resulting from an activity of circulation wholly unprecedented in history that enabled the government to make the war, and that force existed in despite, and *not* as a consequence, of governmental necessities. That such was certainly the fact will, as I think, be clearly obvious when you shall reflect, that but for those necessities the whole million of men employed in building our great monument might have been employed in clearing land; sinking shafts; mining coal and ores and combining the two in the forms of lead, copper, and iron; making bricks and lumber; and thus furnishing supplies of raw materials to be converted on the spot into thousands of mills and shops, large and small, and into the cloth and iron, spades and shovels, coats and hats, required for supplying a population among whom the demand for mental and physical force so far exceeded the supply as to make it absolutely necessary to build engines by tens of thousands, and thus to substitute, to the annual extent of the power of tens of millions of men, the wonderful force of steam for that of the human arm. So applied, that same force would have produced annually of commodities in excess of what has been our actual production, at least $3,000,000,000, every portion of which would have been in the market seeking to purchase labor, thus greatly increasing the laborer's reward. The power of accumulation would, under such circumstances, have been more than trebly great, with steady decline in the rate of interest, and in the power of the capitalist to control the laborer's movements; freedom, wealth, power, and civilization, always growing with the growth of power to place the consumer by the side of the producer, and thus to increase the rapidity of the societary circulation.

That the wonderful activity of that circulation did not result from the necessities of the Government will, as I think, be clear to all who carefully reflect on the facts above presented. Whence, then, came it? From the adoption at Chicago, six years since, by the great Republican party, of a resolution to the effect that the produce of the farm should no longer be compelled to remain inert and losing interest while waiting demand in distant markets; that the capital which daily took the form of labor power should no longer be allowed to go to waste; that the fuel which underlies our soil should no longer there remain to be a mere support for foreign rails; that the power which lay then petrified in the form of coal should everywhere be brought to aid the human arm; that our vast deposits of iron ore should be made to take the form of engines and other machinery to be used as substitutes for mere muscular force; and that all our wonderful resources, material and moral, must and should be at once developed. Such, gentlemen, was the intent and meaning of the brief resolution then and there adopted, to be at the earliest practicable moment ratified by Congress, as proved to be the case when the Morrill Tariff, on the memorable 2d of March, 1861, was made the law of the land. To that law, aided as it was by the admirable action of the Treasury in supplying machinery of circulation, we stand now indebted for the fact that we have, in the short space of five years, and at a cost of thousands of millions of dollars, erected the wonderful monument of which I have spoken; that we have, in those same years, produced more food, built more houses and mills, opened more mines, constructed more roads than ever before; and so greatly added to the wealth of the country that the property of the loyal States would this day exchange for twice the quantity of gold than could five years since have been obtained for all the real and personal property, southern chattels excepted, of the whole of the States and territories of which the Union stands composed.

The view thus presented of our power of accumulation throughout the period of Mr. Lincoln's administration differs widely from that which commonly is entertained; and yet, when you shall have reflected upon the facts which I shall now present, you will, as I feel assured, agree with me in the belief that it has not been overrated. It is probably true, as is so frequently asserted, that less than the average number of city houses has been built, but the growth of towns and villages in your vicinity has been great beyond all former precedent. Look, however, to the coal and iron regions —to the oil region of the Ohio and its tributaries—and to the wonderful mineral one beyond the Mississippi, and you will find that there have been there created homes for millions of men, their wives and children. Little cotton machinery, it is true, has recently been built, but you have more than doubled your power to produce both wool and woollen cloth. Rolling mills now exist capable of furnishing annually 750,000 tons of bars, while the power by means of which those bars are to be converted into ships, engines,

and other machinery of transportation and production has more than doubled, and has, probably, even trebled. Factories have been created capable of supplying almost the world's demand for various instruments of production or defence; sewing machines on the one hand, pistols, rifles, and Parrott guns on the other. The quartz mills have been created to which we are now, as we are assured, to look for an immediate production of the precious metals to the annual extent of $200,000,000. For every engine five years since there are now, as I think, more than three at work. Throughout the vast fields of the west machines are everywhere doing the work that five years since was done by human hands. Fewer miles of railroad may have been constructed, but the rolling stock of all has been so much increased that the power of transportation throughout the loyal States has more than doubled. St. Louis presents to-day, as we are told, an amount of steam tonnage two-fifths greater than there existed before the war; and yet, so great has been the quantity of produce seeking to go to market that the Pennsylvania Central, at Pittsburg, within the present month, has been blocked by 2500 loaded cars, for the movement of which no power could be supplied. Look, then, in what direction we may, whether to the greater or smaller machinery of production, we witness an increase of quantity so great as fully to warrant us in the belief that, leaving wholly out of view the sums invested in loans to cities, counties, States, and to the general government, at no period has the power of accumulation been much more than half as great as it has been shown to be in the years of the great war that has now so happily terminated.

Adding together the capital that was only paralyzed to that which was absolutely wasted in the period of Mr. Buchanan's administration, we obtain an amount thrice greater than would, had it been so applied, have built and stocked as many mills as are in all Great Britain employed in the conversion of wool and cotton into cloth—as many furnaces as there are occupied in converting coal and ore into lead, copper, and iron—and as many mills as are now engaged in producing bars; to sink as many shafts as would have been required for giving to human labor all the aid that there is seen to result from a consumption of coal which is said to furnish power to an extent equivalent to that of six hundred millions of men; and to double the quantity and money value of our various products, to the great advantage of all our people, borrowers and lenders, employers and workmen, traders and manufacturers, builders of railroads and owners of ships, there being a perfect harmony of all real and permanent interests. A part, and but a small part, of that capital has, by means of a National Free Trade System, since been saved; and it is out of the saving that has thus been brought about that we have been enabled to give to the great work above referred to labor and commodities equal in their annual money value to the vast sum of $1,000,000,000.

In proof of the accuracy of the views above presented, I propose now to

offer for your consideration a very brief review of our industrial history for the last half century, as follows:—

Half a century since, the second war with Great Britain came to a close, leaving our people well provided with mills and furnaces, all of which were actively engaged in making demand for labor and raw materials of every kind. Money was then abundant, labor was in demand, wages were high, and the public debt was trivial in amount.

Two years later came the system which looked to increasing our dependence on foreign markets and known as the British Free Trade one, and at once all was changed. Mills and furnaces were closed; labor ceased to be in demand; and poor-houses were everywhere filled. Money becoming scarce and interest high, land declined to a third of its previous price. Banks stopped payment. The sheriff everywhere found full demand for all his time, and mortgagees entered everywhere into possession. The rich were made richer, but the farmer and the mechanic, and all but the very rich, were ruined. Trivial as were then the expenses of the Government, the Treasury could not meet them. Such was the state of things that induced General Jackson to ask the question, "Where has the American farmer a market for his surplus produce?" The answer thereto, as given by himself, is so applicable to the present time that I give it here as proper to be read, daily and weekly, by every lover of his country throughout the Union:—

"Except for cotton, he has neither a foreign nor a home market. Does not this clearly prove, when there is no market either at home or abroad, that there is too much labor employed in agriculture, and that the channels of labor should be multiplied? Common sense at once points out the remedy. Draw from agriculture the superabundant labor, employ it in mechanism and manufacture, thereby creating a home market for your breadstuffs, and distributing labor to a most profitable account, and benefits to the country will result. Take from agriculture in the United States six hundred thousand men, women, and children, and you at once give a home market for more breadstuffs than all Europe now furnishes us. In short, we have been too long subject to the policy of the British merchants. It is time we should become a little more Americanized, and, instead of feeding the paupers and laborers of Europe, feed our own, or else in a short time, by continuing our present policy, we shall become paupers ourselves."

To the state of things here described were we, in 1828, indebted for the first adoption of a National Free Trade System. Almost from the moment of the passage of the tariff act of that year, activity and life took place of the palsy that previously had existed. Furnaces and mills were built; labor came into demand; immigration increased, and so large became the demand for the products of the farm that our markets scarcely felt the effect of changes which then occurred in that of England; the public revenue grew with such rapidity that it became necessary to exempt from duty tea, coffee, and many other articles; and the public debt was finally extinguished.

The history of the world to that moment presents no case of prosperity so universal as that which here existed at the date of the repeal of the great national tariff of 1828. Had it been maintained in existence, not only should we have had no secession war, but at this hour the South would exhibit a state of society in which the landowners had become rich while their slaves had been gradually becoming free, with profit to themselves, to their owners, and to the nation at large. It was, however, by successive stages, repealed in 1834, 1836, and following years, that repeal being accompanied by a constant succession of free trade crises, the whole ending in 1842 in a state of things directly the reverse of that above described. Mills and furnaces were closed; mechanics were starving; money was scarce and dear; land had fallen to half its previous price; the sheriff was everywhere at work; banks were in a state of suspension; States repudiated payment of their debts; the Treasury, unable to borrow at home even a single million at any rate of interest, was compelled to solicit credit at the doors of all the great banking houses of Europe, and to submit to finding that credit denied; and bankruptcy among merchants and traders was so universal that Congress found itself compelled soon after to pass a bankrupt law.*

Again, and for the third time, was the National System restored by the passage of the Tariff Act of 1842. Under it, in less than five years, the production of iron rose from 220,000 to 800,000 tons; and so universal became the prosperity that, large as was the increase, it was wholly insufficient to meet the great demand. Mines were everywhere being sunk. Mills were everywhere being built. Money was so abundant and cheap that the sheriff found but little work to do. Public and private revenues were great beyond all previous precedent, and throughout the land there reigned a prosperity more universal than had, in the whole history of the world, ever before been known.

Once more, in 1846, however, did the Serpent—properly represented on that occasion by British free traders—make his way into Paradise, and now a dozen years elapsed in the course of which, notwithstanding the discovery

* On the 12th of January, 1843, Mr. Walter Forward, then Secretary of the Treasury, reported to Congress the result of negotiations for a loan of $3,500,000; which negotiations were begun in April, 1842. But two bids had been made for this loan, one of 50,000 and one of 60,000 dollars; both at 96 per cent., for a six per cent. twenty years' stock. The Secretary in a special report to Congress said: "The repeated failures incurred in negotiating at home upon advantageous or creditable terms suggested the policy of sending an agent abroad for the purpose of endeavoring to effect a favorable negotiation in England or upon the Continent. Accordingly, a gentleman of the highest consideration for intelligence and integrity was selected for the purpose, and left the United States in July last. I regret to communicate that he has since returned without effecting the object of his mission."—*N. A. Review*, Jan., 1865.

of California mines, money commanded a rate of interest higher, as I believe, than had ever been known in the country for so long a period of time. British iron and cloth came in and gold went out, and with each successive day the dependence of our farmers on foreign markets became more complete. With 1857 came the culmination of the system, merchants and manufacturers being ruined; banks being compelled to suspend payment; and the treasury being reduced to a condition of bankruptcy nearly approaching that which had existed at the close of the free trade periods commencing in 1817 and 1834. In the three years that followed labor was everywhere in excess; wages were low; immigration fell below the point at which it had stood twenty years before; the home market for food diminished, and the foreign one proved so utterly worthless that the annual export to all the manufacturing nations of Europe, as has been already shown, amounted to but little more than $10,000,000.

Why was this? Why had not the foreign demand for food grown with the growth of our dependence on foreigners for cloth and iron? Because the British Free Trade System is in truth and in fact a monopoly one! Because it is based on the idea of stimulating competition for the sale of labor and thus enslaving the laborer; stimulating competition for the sale of the fruits of the earth, and thus enslaving every community that refuses to resist it!* At the moment of which I speak, notwithstanding the vast supplies of Californian and Australian gold, the money value of British labor had, on the average, scarcely at all increased, while foreign competition for the supply of food to the diminutive British market had reduced its price to a lower point than, as I believe, it had reached for half a century before.

The rebellion came, finding our people unemployed, public and private revenues declining, the Treasury empty, and the public credit greatly impaired. With it, however, came the power once again, and for the fourth time, to obtain a re-establishment of that National System required for protection of the men who had food and labor for which they needed to find a market. That protection has now endured for less than five years, and yet, as has been shown, so marvellous have been its effects that while it has enabled us to give to the government four thousand millions of dollars, it has so largely added to the value of land and labor that, notwithstanding the destruction of property in the South, the nation, as a whole, is this day almost twice as rich as it had been before.

* Of the amount paid by the British people for sugar, tea, coffee, and tobacco, not even one-eighth part reaches the poor people who produce those articles. The other seven-eighths are divided between the government and the middlemen, the former taking little short of a hundred millions of dollars. This it is that is called free trade! Under it the producer of cloth finds himself deprived of the power to buy sugar, while the sugar producer goes naked because unable to buy himself a shirt.

The history of the period thus reviewed may now more briefly thus be stated:—

The National Free Trade System, as established in 1813, 1828, 1842, gave, as that of 1861 is now prepared to give, to its British Monopoly successor—	The British Monopoly System, as established in 1817, 1834, 1846, and 1857, bequeathed to its successor—
Great demand for labor.	Labor everywhere seeking to be employed.
Wages high and money cheap.	Wages low and money high.
Public and private revenues large.	Public and private revenues small, and steadily decreasing.
Immigration great, and steadily increasing.	Immigration declining.
Public and private prosperity great beyond all previous precedent.	Public and private bankruptcy nearly universal.
Growing national independence.	Growing national dependence.

Such is the history of the past. Let our people study it and they will, as I think, understand the causes of the prosperity of the present. That done, let them determine for themselves whether to go forward in the direction of individual and national independence, or in that of growing dependence, both national and individual.

The Trader who studies it can scarcely fail to see, that the more active the capital of the country, the greater the variety of pursuits, and the greater the demand for human service, the larger must be production; the greater must be the quantity of things to be exchanged; the less must be the necessity for resorting to trade as affording almost the only means of support; the less must be the competition among traders themselves; and the greater the probability of his securing independence for his children and himself.

The Merchant can scarcely fail to see, that the greater the diversification of pursuits among our people, and the more we finish our products so as to fit them for consumption, the greater must be the variety of commodities with which to supply the world; the greater our demand for the products of distant countries; and the more numerous the markets open to his operations whether as a seller or a buyer.

The Shipowner can scarcely fail to see—

I. That the larger the demand for labor the greater must be the immigration of men who have labor to sell, and the greater the demand for ships:

II. That the more active the capital of the country the lower must be the average rate of interest, and the greater his power to compete with owners of foreign ships:

III. That the more active that capital the more numerous will be the finished commodities to be carried abroad; the greater the number of markets to which he can send his ships; and the greater the demand for sugar,

tea, coffee, and raw materials of manufactures, products of countries which have no ships:

IV. That, on the contrary, the more sluggish that capital the higher must be the rate of interest; the more must we be limited to the export of raw produce; the fewer must be our markets; and the more must he find himself compelled to compete with the low rates of interest, and the low wages paid by owners of British and German ships:

V. That since the introduction of steam the question of navigation has become, and must from day to day more become, a mere question of the rate at which capital can be supplied; and, that if we are ever to resume upon the ocean the place so lately occupied, it can be only as a consequence of the pursuit of a policy tending towards bringing the consumer and the producer together, thereby quickening the motion of capital in the forms of food and of mental and muscular force, and thus promoting accumulation.

The Railroad King can scarcely fail to see—

I. That the more rapid the societary circulation the greater must be the quantity of men and things needing to be carried:

II. That the more rapid the development of our great mineral deposits, the greater must become the general supply of iron, and the more the tendency to a fall in price:

III. That all experience tends to furnish evidence of the facts, that foreign iron is always low in price when American iron masters are prosperous, and always high when American furnaces are out of blast:

IV. That, as a consequence, American railroads have always prospered when the internal commerce was rapidly growing; and have been always greatly depressed when in obedience to the orders of foreign traders that commerce has been sacrificed.

The Landowner can scarcely fail to see, that when capital is active interest is low and labor is in great demand; and that then it is that foreign capital and foreign labor tend, to his great advantage, here to seek employment.

The Farmer can scarcely fail to see, that the greater the home consumption of his products the less must he be compelled to compete in England with the agricultural nations of Europe; the higher must be prices in that regulating market; and the higher must be those of the great domestic one.

The Manufacturer of the East can scarcely fail to see, that the more our mineral resources are developed, and the more the people of the South and West give themselves to the production of the coarser kinds of cloth, the greater must be the demand upon himself for those more profitable of a higher order.

The Banker can scarcely fail to see, that all our financial crises, and all the losses thence resulting, have occurred in British free trade times; and that all that is needed for securing us against their recurrence in the future, is the thorough adoption of a policy tending to promote rapidity in the societary circulation.

The Philanthropist can scarcely fail to see, that the more rapid that circulation the greater must be the tendency towards improvement in the condition of the laborer, black or white.

The Finance Minister can scarcely fail to see, that the power permanently to contribute to the support of government has always existed, and must necessarily exist, in the direct ratio of the rapidity of the circulation.

The Bondholder can scarcely fail to see, that repudiation has always come as a consequence of an arrest of the circulation, and that perfect security for his children and himself can be found in one direction, and one alone; that which leads to more perfect combination among our people as a consequence of bringing the consumer and producer more and more near together.

The Economist can scarcely fail to see, that the British free trader seeks to place himself between all the producers and consumers of the world, and to enrich himself at their expense; and that the real road to national wealth and power lies in the direction of resistance to that system.

The Statesman can scarcely fail to see, that our periods of national weakness have been always those in which consumers and producers have been becoming more widely separated, while our periods of strength have been those in which we have had a National System; as when, thirty years since, by aid of the tariff of 1828, we finally extinguished the national debt; as when twenty years since, by aid of the tariff of 1842, we resumed the payment of interest on our foreign debt; and as now, when we have just completed the erection of the greatest and most costly monument the world has ever seen, or perhaps will ever see.

The man in whom there exists any feeling of national pirde can hardly fail to see, that the one great obstacle standing in the way of the permanent establishment of a sound National System has been the opposition of foreigners, and of that people especially which has recently been most active and most untiring in its effort to aid the South in breaking up the Union.

The whole people can scarcely fail to see, that human force, mental and muscular, is the commodity which all have to sell; that it exhausts itself on the instant of production; that the more instant the demand for it the more is it economized, the greater is the power of production, the higher the rate of wages, the greater the power of accumulation, the lower the rate of interest, and the greater the tendency towards freedom and peace, both at home and abroad.

The Christian can scarcely fail to see, that the policy which tends towards increase in the rapidity of circulation tends necessarily towards increasing the reward of labor and effecting an improvement in the condition, material and moral, of the laborer; and that in advocating it he is aiding towards carrying into practical effect the great precept which lies at the foundation of Christianity, ALL THINGS WHATSOEVER YE WOULD THAT MEN SHOULD DO TO YOU, DO YE EVEN SO TO THEM.

The views thus presented differ widely from those taught to the world by that English school which holds that "the smuggler is the great reformer of the age;" and by those of its disciples who have recently throughout our southern coast carried their theories into practical effect. The cause of difference is to be found in this, that while the policy urged by it upon the outer world is directly the reverse of what is practised by every Manchester manufacturer, that National Free Trade policy to which we owe our recent great success and our present prosperity is in full accordance with the practice of every successful mechanic, manufacturer, and agriculturist throughout the civilized world. What is it that these latter desire? Is it not to economize human service? To that end are they not profuse in the application of food and clothing to the creation of machinery, thereby substituting the *products* of labor and capital for labor itself? Does not capital everywhere grow in the direct ratio of that substitution, and does not that growth make new demands for human labor, with constant tendency towards increased production, increase of wages, and increased ability to make still further substitution of capital for labor? To these questions there can be no reply but in the affirmative.

Nevertheless, when we study the writings of British economists, we find them filled with advice in reference to the saving of *products* in the form of money, leaving wholly out of view that *labor* is economized in the direct ratio of the rapid consumption of its products. Say to them that the waste labor of Ireland in a single year would more than suffice to give to the Irish nation mills and machinery for the conversion of all the cotton produced in America, and they reply by saying, that Manchester furnishes shirts to the Irish laborer more cheaply than could be done by men who should employ Irish labor and Irish fuel in making cloth for Irish wear. Prove to them, on the highest free trade authority, that in those parts of Russia in which employments are not diversified the condition of the free laborer is worse than that of the serf, and they ask your attention to the low price at which they supply coats and hats. Show them, as I myself did, some years since, to Mr. Cobden, that we were steadily giving more and more food and cotton in exchange for less and less gold, tin, copper, and iron, and they will reply, as he did to me, by asking, "Do we not now furnish iron cheaply enough to satisfy you?"

Talk with an American disciple of that school, of the pauperism that has always here existed in the British Monopoly times, and he replies, as recently was done by one of your own high authorities, by exhibits of the high prices of steel pens! Tell him that of all labor-saving machinery the precious metals are the greatest, and then invite his attention to the enormous rate paid for their use throughout the whole period of Mr. Buchanan's administration, and he will be likely to answer by showing at how low a price Britain had been willing to supply with cloth people who, unable to sell their labor, could scarcely purchase food! Need we then wonder that by that school the

field of economical science has recently been so reduced in its proportions that it is now limited to the consideration of the mere acts of buying cheaply and selling dearly, having thus become a sort of shopkeeping science, the natural product of a policy that so long has tended, to use the words of Adam Smith, to the creation of a "nation of mere shopkeepers"? Scarcely so, as I think.

The one commodity, as we know, that all men have to sell is muscular and mental force, and that must be sold on the instant, or it is forever lost. The Irish people, on an average, waste nine-tenths of it, and while they shall continue so to do Ireland must remain in the pitiable condition in which she stands now before the world. Under the administration of Mr. Buchanan two-thirds of it were wasted here, and to that waste were we indebted for the pauperism of our people and the weakness of the government five years since. To the economy of it that resulted from the adoption of a National Free Trade System, and to that alone, do we stand to-day indebted for the wonderful changes we since have seen; and yet, strange to say, you have among you men of both intelligence and influence who are urging upon the country a return to that British Monopoly System which, under the mask of free trade, has not only paralyzed us on every occasion on which we have been subjected to it, but has ruined every friend that Britain has ever had, and every country that she has so long controlled as to give to it opportunity for proving the full extent of its capacity for mischief.

The world has been always word-governed, and so is it now, the word most in use for that purpose being that to which reference has above been made, to wit, "free trade." Such being the case, it may not be amiss here to inquire what it is that, as used, it really means. To that end let us examine the movements of the people here around us, and ascertain who among them it is that enjoy the most perfect freedom of trade; thus, in accordance with the true method of science, studying the near with a view to proper comprehension of the distant. Doing this, we shall be sure to find it among those who have the most direct relation with the consumers of their products. Take, for instance, the *Times*, *Tribune*, *Herald*, and *Post*, and see how entirely impossible it would be for any person, or persons, in any manner to control, to his own profit, their course of action. Ask their editors, and you will soon learn how fully they appreciate the fact that their success in the present and in the future is dependent wholly on themselves, and cannot be seriously affected by any outside action. Retailing the services of their journals, and the journal itself, their owners suffer little, if at all, at a time of crisis, nor do they ever figure among the creditors of bankrupts. Look, I pray you, throughout your city and see if you can elsewhere find any producing interest that is so entirely independent. As I think you cannot.

Take next those printers who, like the Messrs. Harper, make and sell their own books, and you will find a state of things precisely similar.

All that they need, as they well know, is good judgment in the selection of books, good taste in their manufacture, and sound discretion in the mode of bringing them to the knowledge and within the reach of the public.

Compare now with them the printer who works for publishers, the maker of printing paper, or the binder of books, and you will find a state of things most widely different. Perfectly familiar, throughout a large portion of my life, with everything connected with both paper and books, I can safely say that I know of scarcely any pursuits in which those engaged have been more dependent on the will of others, in which so few have accumulated fortunes, or in which there has existed less real freedom of trade. To what now is this to be attributed? To the simple fact that all the products of the labors of these men are required to pass through the hands of middle-men before they can reach the public. In common with all others, those middle-men rejoice when the demand for paper diminishes; when the raw materials of books accumulate; and when the necessities of their producers force them to sell at prices that yield no profit, and at credits so prolonged as to involve in risk of ruin all who are compelled to give them. The nearest approach to serfdom that I know to exist in civilized life is that of the men who are engaged in departments of manufacture whose products have yet to pass through several hands before they can reach those of the consumer.

Precisely so is it with nations. France finishes all her products, combining food, wool, and silk, and enabling the compounds readily to reach every country, every city, and every village of the world. Of all countries there is, therefore, none so independent. Hostile tariffs scarcely at all affect her commerce. Short crops, or wars abroad, affect her least; and for the reasons that her market is everywhere, and that such occurrences in one country find, to a great extent, their compensations in another. Her position in relation to the world at large is, therefore, precisely that of the proprietors of your journals. So long as both shall continue to furnish commodities better fitted than any other to meet the wants, or to gratify the tastes, of consumers, no laws that can be anywhere enacted can prevent them from supplying their accustomed markets.

Directly the reverse of this is what we find in those countries which export raw products. For them there is no market except in those countries which possess machinery of manufacture, wheat not being needed where there are no flour mills, nor cotton where there is none of the machinery required for spinning and weaving it. They *must* go where they *can*, and not where they would, their position being, therefore, precisely that of the printers and paper-makers above described. Thus limited in their markets they find themselves subjected to the will of those by whom these latter are controlled, by all of whom it is well known that the way to cheapen the commodities they need to purchase is to be found in working short time, diminishing the supply of money, and raising the rate of interest. In this manner are the people of all the countries that export raw produce kept in a state of

dependence and made mere "hewers of wood and drawers of water" for men whose profits grow as theirs decline; and this is urged upon them by England as being a real freedom of trade. The day may come, and I cannot but hope that it soon will do so, when it shall be understood that its real meaning is monopoly; that the real free traders are those who advocate the National Free Trade System; that the road to civilization lies in the direction of that diversified industry which tends to bring the consumers into close relation with the producers; and that the raising of raw products for the supply of foreign markets is the proper employment of the barbarian and the slave, and of those alone.

Of all the communities that have at any time existed none has ever had in its hands so much power for good or evil as now is held by the one of which we are a part. With natural resources great almost beyond imagination we need only the labor and the capital required for their full development. For the one we do not need to look beyond those vast deposits of petrified power which lie beneath the soil, a single bushel taken from which is capable of doing the work of hundreds of men. Of the other the supply will be found in vast abundance whenever the nation shall come to learn, first, that corn and cotton unconsumed are so much dormant capital waiting only consumption to spring once again into activity and life; and, second, that labor power, mental and muscular, is so much capital that perishes on the instant of its production, and if not then consumed is lost forever.

We do not, therefore, need to seek abroad supplies of either capital or labor. Both, however, abound in various countries of Europe, and have always proved ready to come to us when we have pursued a policy tending to economize labor, to increase the supply of capital, and thus to lower the rate of interest—the immigration of both having largely grown under the National Free Trade policy of 1828, 1842, and 1861; and that of both having declined under the British Monopoly System established by the tariffs of 1834, 1846, and 1857. The more productive labor here the greater then must be the tendency towards emigration from Europe, and towards elevation of the laborer there. The greater the accumulation of capital and the more perfect the national and individual credit here, the greater must be the tendency towards export of European capital, and reduction of the rate of interest here. For the production of such results, beneficial to the world at large, we need but steadily to pursue that course which most stimulates the societary circulation; that one which tends most to enable the farmer and the planter to "stop the interest" on their products, and the laborer to find instant demand for the power he has to sell.

Such are OUR RESOURCES. Infinite in their extent, it is to their development thus far accomplished under the National Free Trade System that we have been indebted for our passage through a trial extraordinary far beyond any to which any nation of the world had before been subjected. The work, however, has but just begun. Let us continue onward in the same

direction, and we shall find that the capital invested in the great monument of which I have spoken has proved as good an investment as that of the New York canals, the result of its erection having been that of giving to the loyal states the power to make themselves, and for the first time, really independent; as has already been the case to an extent that five years since could not have been anticipated. Let us so continue, and we shall find that the annual addition to the national capital, by means of labor and interest saved by individuals, will soon be fifty-fold greater than the amount of interest required to be paid from the treasury of the Government by which those individuals are represented.

In conclusion, allow me now to ask your attention to the great fact that commercial power has always gone hand in hand with that diversification of pursuits which has everywhere resulted from measures tending to the promotion of internal commerce. Athens, with her miners and manufacturers, governed the Grecian world. Carthage, largely manufacturing, controlled the commerce of half the then known world. Holland was mistress of the commercial world in those days when the people of the Rhine cities could boast, "that they bought of the stupid Englishman skins at sixpence and paid for them in tails at a shilling." England, wiser-grown, now does the same by us, and she it is that now controls the commercial world outside of Europe, leaving to industrial France the management of Europe itself. Such is the lesson taught by history, and we must now profit by it or abandon for ever the hope of occupying the proud position to which our natural resources so well entitle us. To it we never can attain so long as we shall continue to sell, as we so long have sold, whole skins for sixpence, accepting pay in tails at a shilling each. That is *not* the road towards civilization, power, and influence. That it *is* the one which leads to barbarism, weakness, and dependence, is proved by the experience of all communities that have travelled on it; and by none more thoroughly than our own. Should proof of this now be needed, let me ask you to study the present condition of the prostrate South, and see how readily the great Cotton King has been dethroned by the united efforts of the hammer, the spindle, and the loom. That done, turn your eyes to the west and study the recent prostration of almost the whole people of the great Mississippi Valley before a few insignificant capitalists, who were thus to be propitiated into giving to their obedient slaves an additional road to the British market. Those who desire to command the respect of others must learn to respect themselves; and that our people can never do until they shall first have learned that the road towards wealth and strength has, in all nations, and at all ages, been found to lie in the direction of bringing the plough, the loom, the anvil, and the ship to work in harmony with each other. Let them, gentlemen, once learn thoroughly that great lesson, and then, but not till then, will they be enabled to control and direct the commerce of the world.

THE

PUBLIC DEBT, LOCAL AND NATIONAL:

HOW TO PROVIDE FOR ITS DISCHARGE

WHILE

LESSENING THE BURTHEN OF TAXATION.

LETTER TO DAVID A. WELLS, ESQ.,
CHAIRMAN OF THE BOARD OF REVENUE COMMISSIONERS:

BY

HENRY C. CAREY.

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LETTER TO D. A. WELLS, ESQ.,

CHAIRMAN OF THE BOARD OF COMMISSIONERS FOR THE REVISION OF THE REVENUE LAWS.

Dear Sir:—

Believing the real and permanent interests of tax payers and public creditors to be in perfect harmony with each other, and that error in regard to one must be productive of injury to both, I have put on paper my views as to the proper mode of dealing with the principal of the public debt, and have now to ask of you to give to them that consideration they may seem to you to merit.

The amount required by the general government for current expenses, interest included, may be taken, as I suppose, at $280,000,000, and to meet that demand, with reasonable allowance for occasional drawbacks, it might be necessary so to arrange our revenue system as to warrant us in expecting from it ten or twenty millions more; say 290 or 300 millions. It has, however, been proposed that the annual sum of $200,000,000 be now, and in all the future so long as the debt shall continue to exist, set aside for payment of principal and interest alone—a proposition that, if adopted, will require that the revenue be so arranged as to enable us to look to it for fifty millions more, or in the whole at least 340, if not even 350 millions.

Two widely distinct modes of action are thus presented for consideration, by the one of which we should appear wholly to overlook the existence of the principal debt, while by the other we should appear to be making provision for its early annihilation; and yet, after having given to the subject all the consideration demanded by its great importance, I have arrived at the conclusion that, while lessening by $50,000,000 the annual demand upon our people, the first of these is the one by which we should most speedily be relieved from all charge from either principal or interest of the great debt that has so recently and rapidly been created. My reasons for so believing shall now be given.

Widely different from any other recorded in history this was emphatically *a people's war*, waged for no purpose of conquest or of plunder, but purely and simply for that of perpetuating the Union and thus securing harmony of action throughout the vast territory over which now floats that star-spangled banner in whose defence has been expended

so vast a quantity of both blood and treasure. As a consequence of this first great difference we find another and most essential one in the fact, that the contributions towards its maintenance, whether in the form of personal service or in that of the sinews of war, were in so large a proportion voluntary that the exceptions thereto scarcely merit the slightest notice. Men by hundreds of thousands sought the field of battle, while other men, their wives, and children, united in giving of their means, whether large or small, to the performance of the great work; the amount so given by individuals, at times directly and at others through the medium of sanitary and Christian commissions, or patriotic leagues, having reached, as there is reason to believe, an amount greater than the total receipts of the national treasury, those from loans included, during the period of Mr. Adams's administration, from 1825 to 1829, and that would now be undervalued in placing it at an hundred millions of dollars. States, counties, and cities united in the work, the amount voluntarily given by them having certainly exceeded $500,000,000. Of this large sum much was the produce of taxes specially imposed for maintenance of the war, the rest having been raised upon pledges of the credit of the various corporations, nearly all of which throughout the loyal States have proved themselves ever ready to make themselves responsible for whatsoever sums might seem required for enabling them to meet the demands of the general government. Taking then, at $600,000,000, the total amount of donations by individuals and corporations, it may, as I think, be regarded as nearly certain that one-half thereof, or $300,000,000, still remains a charge upon our people, involving payment of interest to the annual extent of little, if any, less than $20,000,000.

In some cases the debt still existing bears but small proportion to the total amount of contributions; whereas in others it is very large. In some, as I have seen it stated, no debt has been created; whereas in others the proportion actually discharged has been very small indeed. As a general rule, the more loyal the community the smaller is the proportion yet remaining to be paid.

The interest on this local war debt is probably little less than a seventh of that payable on the national debt. This would seem to be but a small proportion, yet is it really an enormous one when we reflect that the local governments have been stripped of nearly every source of revenue, except the lands and houses, mills, farmers and mines, that were before so heavily taxed for maintenance of schools and roads, poor-houses and prisons, and other matters with whose direction they stand charged. The effect of this now exhibits itself in the fact that local taxation has become almost trebly burthensome, and threatens to result in loss to owners of real estate little less than that which has been inflicted on those of the rebel States. Cases could readily be cited in which the proceeding even now falls little short of confiscation.

In others, where property has been but partially improved, the demands of the several governments absorb nearly the whole receipts, the burthen in every case becoming more and more severe with every step in the direction of appreciation in the value of that currency in which taxes must be paid. The farmer who in 1864 sold his corn for $1.50 per bushel, and his pork for $40 per barrel, finds it now, with prices in the East almost one-half reduced, much more difficult to pay the tax of transportation and those other taxes required for meeting the demands of those who have been so fortunate as to constitute themselves creditors of the general and local governments. How it must be in the future, if gold shall speedily become the standard, and if the price of food shall be reduced to a level with that of the diminutive British market, interest meanwhile having been carried up, as it is very like to be, to the rate that existed before the war, may, as I think, with certainty be predicted.*

* The average price of wheat in the London market, in 1863, as given in the Treasury Report, was $1.17 per bushel. That of the two succeeding years has been $1.02, or little more than half of the average for 1854 to 1857. Hams and bacon had, in 1863, already fallen from $11.50 to $7.20 per hundred-weight. Subsequently they participated with wheat in the further decline above exhibited. Throughout the two last years the average of wheat in the French markets has been about one dollar per bushel. The foreign demand for food having thus disappeared, the effect now exhibits itself in the facts here given as regards the corn of Illinois:—

"We understand that many of the people of Warren and other towns in the eastern part of the county are using corn for fuel. We had a conversation with an intelligent gentleman who has been burning it, and who considers it much cheaper than wood. Ears of corn can be bought for ten cents per bushel by measure, and seventy bushels, worth seven dollars, will measure a cord. A cord of wood, including sawing, costs $9.50, which is $2.50 more than the cost of a cord of corn, besides the fact that the corn produces more heat than the wood. If these statements are true (and we have no reason to doubt them), there is no fuel more economical than corn. The crop of corn this year is far beyond the demand."—*Galena Gazette.*

The British wheat crop of the last season having been deficient in both quality and quantity, prices in that market have slightly increased, the average of the first week of December, as given in the *Mark Lane Express*, having been $1.20 per bushel of 60 pounds. As a consequence of this, and of the cattle plague, there has been a slight demand for food of all descriptions for export to that market; but how utterly contemptible it is when compared with the great domestic one is shown in the following table, exhibiting the receipts at New York since September 1, and the exports from that port to all the manufacturing nations of Europe:—

	Flour—barrels.	Wheat—bushels.	Corn—bushels.
Receipts . .	1,820,152	564,650	1,509,804
Exports . .	90,627	150,192	380,846

The prices obtained for the trivial quantity exported determine those of the whole crop, amounting to more than 1,200,000,000 of bushels. Had we made a market at home for all the food that we now export, the yield to our farmers on

Between the demands of the holders of private mortgages and public bonds on one hand, and those of transportation companies on the other, much of the real estate of the country will be very likely to pass through the sheriff's hands. The deficiency in the wheat crop of the past year has thus far saved the Western farmer, but when his eyes shall have once again been gladdened with the sight of crops so large as to make it necessary to look again to Europe for a market, he will certainly find it wholly impossible to meet the heavy demands that, if the local public credit is to be maintained, must then be made.* Even at the present moment some of the most important branches of our manufacturing industry, those which are making the largest demand for food, are wholly dependent for their continued existence on the fact that taxes on domestic products are payable in paper, while for payment of duties on competing foreign commodities the precious metals are required. Under such circumstances not only can there be no extension of such manufactures, but there is the greatest reason to apprehend that many of the establishments now in operation may be closed. With every step in that direction the farmer must become more and more dependent on those European markets which took of food from us, in the three years prior to the war, an average of but $10,000,000; and which, without our aid, are at present so over-supplied that bread may now be purchased at a price lower than has been known within the memory of any living man. Take from a dollar, the recent price in England of a bushel of wheat, the cost of freight from Illinois to Europe, the commissions, and all the heavy interest charged by various middlemen, and it will, as I think, be found that what will then remain to the farmer will scarcely enable him to live, leaving wholly out of view the payment of taxes required for meeting the demands of fortunate holders of city, county, State, and Federal bonds. At no time in the history of the country have the prospects of our farmers, if their dependence on European markets is to be maintained, been so bad as they are at the present hour.

To those who may doubt the accuracy of the views thus presented, I

the last year's crop would be greater than it is by not less than $600,000,000. The difference is the price they pay for dependence on the diminutive market of Britain. To make a market for wheat equivalent to the one now afforded by Europe, and thus to economize all that vast difference, would require but a few such iron works as that of Cambria, Pennsylvania, the annual consumption of flour by whose people is no less than 20,000 barrels.

* The wheat crops of the three past years, and the prices of wheat and wheat flour in the New York market, have been as follows :—

	Bushels.	Price of Wheat.	Price of extra Western Flour.
1863 . .	179,000,000	$1 57 to $1 75	$6 40 to $7 40
1864 . .	161,000,000	2 35 to 2 70	10 25 to 10 50
1865 . .	149,000,000	2 30 to 2 80	8 50 to 8 80

beg now to suggest consideration of the following facts. Twenty years since, the British government determined that the true way to *protect* its manufacturers was to be found in the direction of giving them cheap food. Since then, it has been unceasingly engaged in the effort to induce all the other nations of the world to send to its little market food to be exchanged for manufactures, the effect exhibiting itself in the fact that the British farmer now receives far less for his wheat than he did before the discovery of California gold; that he pays more for nearly all the commodities he needs to buy; and that the British agricultural laborer of the present day is a poorer and more dependent being than was his predecessor of the days of Adam Smith. Anxious to follow in the free trade direction, the economists of France sought to prove to their farming fellow-citizens that they were being taxed for the benefit of manufacturers; that they themselves were not in any manner protected; and that what they needed was perfect freedom for the introduction of British and German manufactures. In the last six years various commercial treaties have been negotiated, all looking in that direction, and the result is seen in the existence of an agricultural crisis, the discovery of a remedy for which is tasking the skill of French economists. In forty years the production of wheat has nearly doubled, and now much exceeds the home demand. England recently has needed little, and as a consequence of this the French farmer, like his English neighbor, has obtained less for his food, while obliged to pay a higher price for all the articles he consumed. Of this cheap foreign food we are now importing annually, in the form of cloth, silk, and iron, to the extent of almost hundreds of millions of dollars; and it is with that food that our farmers are expected to contend in British markets, paying all the cost of transportation thereto. How, out of the trifle that will remain, can they by any possibility pay all the heavy taxes, local and general, to which they are now subjected? It cannot be done, nor will it be.

In our cities the burthen of the war debt is, for the moment, less severely felt; but when we look to the fact that in the one in which I write the city government has found it necessary to claim no less than four per cent. upon the assessed value of real estate, and that upon this are piled the demands of the State and those of the Federal treasury, these latter taking the form of income taxes, taxes on successions, taxes on consumption so arranged as to be twice, thrice, and sometimes, as I believe, five times over repeated before we reach the final product—this last then subjected to a tax of six per cent.—we find ourselves somewhat prepared for consideration of the question as to what must come to be the money value of city property when all the farmer's products shall come to be sold at gold prices corresponding with those now paid in England—when coupons issued at a time when gold was selling at nearly three to

one are to be redeemed in gold at par—and when the price of money shall, as it probably will, range once again between 10 and 30 per cent.

The power to contribute to the support of government increases as the societary circulation becomes more rapid, and declines as it becomes more sluggish. What is its present state is well exhibited in an editorial of the *New York Tribune*, now but a few days old, from which the following is an extract :—

"The commercial reports from the West are not favorable, and the activity of the winter of 1864–5 has been replaced by a dulness which forbids the hope of profit to traders or forwarding companies. The millers are comparatively idle, and pork and beef packing is upon a reduced scale. In this vicinity the condition of business is not satisfactory, and the balance-sheets of merchants, like those of railroads, will show large figures, but reduced net income, and in numerous cases none at all."

Throughout the war the government has been in alliance with the land-owner, the trader, the manufacturer, the laborer, and the borrower of money, against the lender of money and the receiver of fixed income; and to that alliance has the country been indebted for all its recent successes, as well as for its present position among the nations of the earth. The time for these latter seems, however, to have now almost arrived. Already the price of money has advanced at least one-half, while that of some of the most important articles of food has almost as much declined. Thus far, however, the change is as nothing compared with that which would already have been experienced had not our people, despite all threats to the contrary, arrived at the conclusion that the day was yet far distant when the holders of city, State, and Federal coupons would be entitled to claim in gold both principal and interest, that gold to be the produce of taxes paid by farmers who were receiving for their wheat and their corn less of the precious metals than they had been accustomed to receive before the discovery of the mineral resources of California or Australia.

The local taxation is even now most severe, but its severity must increase with every step in the direction that above is indicated; and with each there must be a diminution of the power of both farmer and laborer to contribute to the Federal revenue. With each must come an increased demand for assumption by the Union of local debts that, for war purposes, have been contracted, thereby adding to the demands upon the Federal treasury at the very moment when already existing claims can only with constantly increasing difficulty be met. Will that demand be complied with? Will the Union now assume the debts of the various States and corporations that have co-operated with it in carrying on the war? That it would not do so has been my full belief. That it should not do this I am very certain, and for the reason, that the direct effect of such a course of action would be that of imposing upon

those who have already taxed themselves and paid their contributions, for the benefit of those others who have depended almost entirely upon loans, trusting to the future to provide the means of payment.* For this reason, and perhaps for others that might be named, the local burthens will be allowed to remain a charge upon the local revenues, to be carried until their weight shall have become unbearable, and to bring in their train financial revulsion to be followed, certainly, by a political revolution the most complete.

Must all these things occur? Is it needed that such should be the results of the wonderful and most successful war that has just been closed? It is not! No such necessity really exists, yet must they certainly occur if we fail now to inquire into the cause of the change that already has been produced. Doing this, we find it in the fact that domestic taxes have been so piled up, one upon another, that the movement of the societary machine has become much impeded—the protection granted by the tariff of 1861 having now been so far nullified that in very many cases little of it now remains except that which results from difference in value between the gold in which duties are paid, and the paper which is receivable in discharge of internal taxes.† Trivial, even, as that protection has now become, the threat is held out daily, and in leading Republican journals, that it shall endure no longer; and it is as a consequence of this that furnaces and rolling-mills no longer increase in number; that faith in our future has no longer that existence which throughout the war was so fully manifested; that money is abundant and cheap for short loans, but scarce and dear for those permanent investments in the growing number of which is always found the evidence of that confidence without which no real prosperity can exist; that the societary circulation becomes from day to day more sluggish; that our dependence on foreign workshops now increases; that the efflux of gold becomes more rapid; that our foreign debt grows most rapidly; that we are paying on government

* The public debt of Ohio, notwithstanding her vast expenditures, is less at the present moment than it was five years since. That of New York has grown from $33,000,000 to $51,000,000. The total war debt of this latter State, including that of cities and counties, is stated at more than $80,000,000.

Some of the counties of Pennsylvania have raised by taxes nearly the whole amount that has been required for war purposes. Others have borrowed the major part, and are now paying interest thereon. It is little likely that those who have already paid will consent to assumption by the State of the debts that others have incurred.

† The taxes on materials used in the book manufacture, and on the books themselves, are stated at 15½ per cent., on the cost of publication. Add to these the taxes on fuel, machinery, &c. &c., and we shall obtain a total of not less than 20 per cent. As a consequence of this, American publishers are now having their books printed in England. Without a change of system this great department o manufacture must inevitably be ruined.

securities a rate of interest most disgraceful and that must prove ruinous; and that there is a daily increasing certainty of the continued subjection of our farmers to the will of that European people which has so effectually taught to the agricultural nations of the world the advantage of competition for the possession of its miserably diminutive market that wheat there now commands but a single dollar for a bushel of sixty pounds weight. In fewer words, the cause of all the change may be found in this, that the alliance between the National Treasury and the *employers* of money—farmers, laborers, and mechanics—has been dissolved. The tendency of all our present measures lies in the direction of raising the rate of interest, to the great advantage of *lenders* of money; and in that of enabling the receivers of interest on the various public debts to obtain from the farmer more food, from the workman more clothing, and from the laborer more labor, for less and less of money.

That is certainly the road to ruin, and if we shall persist in the determination to travel on it, all the sad results that have above been indicated must assuredly be realized. That we may avoid them, it is needed that we dissolve the existing alliance between those who have merely *lent* their money to cities, counties, States, and to the National Treasury, and renew that which has heretofore existed between those who have *given* their time—*given* their services—*given* their means—for the public use. To that end we need to abolish all those taxes which now so seriously impede the societary circulation; all those which tend so much to prevent the application of capital in the direction of that development of our internal resources which would give value to land and enable its owner more readily to bear the heavy burthens that necessarily have been imposed upon it for payment of interest on the vast amounts *given* to the public service; all those which tend in any manner to lessen the demand for labor, and thus diminish demand for the farmer's products.

Freed from the income tax, the landowner would find less difficulty in providing for the maintenance and improvement of roads and schools. Relieved of the burthen now resulting from taxes on hats and coats, shirts and shoes, he could more readily increase the number of his ploughs and harrows, cheapened as these latter then would be by the abolition of taxes on coal and iron and all their products. With every step in this direction, mines and furnaces, factories and rolling-mills, would become more numerous, making demand for all the produce of his land and thus diminishing the necessity for going to distant markets; abolition of taxes on transportation and on machinery of transportation meanwhile co-operating with the growing cheapness of bars and engines in giving him increased ability to determine for himself whether to sell in the distant one or in that which is near, and also to determine for himself by what road he would go to the market he might prefer—freedom of trade and freedom of man thus

following, as it always does, in the train of an increased rapidity in the societary circulation and increase of the societary force.

Taking at $300,000,000 the amount required for payment of interest on the national debt and for maintenance of the national government, we have a sum that could readily be raised by duties on foreign merchandise, by taxes on cotton, tobacco, whiskey, beer, and some few other commodities, and by aid of stamps—at once and forever abolishing the tax on incomes and all those taxes on manufactures which now so greatly tend towards production of the state of paralysis above described.

The adoption of such a measure as this would, it may be said, have the effect of greatly protracting the time at which the national debt would be discharged. Not so, however. On the contrary, it is the road towards the most speedy annihilation of the debt, all experience having shown that a merely arithmetical increase in the rapidity of the societary circulation is followed by an almost geometrical one in the power to contribute to the support of government. Throughout the period of Mr. Buchanan's administration it would have been impossible by any means that could have been devised to obtain an annual amount of contributions thirty millions in excess of that which we see to have been collected. Nevertheless, throughout that of his successor our people furnished to State, county, city, and national treasuries an excess of almost $1,000,000,000 a year! Why was this? Because of a wonderful activity of the circulation. Let us maintain that activity, and we shall find ourselves enabled in less than twenty years to annihilate liabilities greater than those of industrial France, which now, notwithstanding her 37,000,000 of population, actually staggers under the weight of the mere interest upon her debt. Let us do that, *and it can be done*, and we shall have achieved a triumph more wonderful even than that of the extraordinary years through which we last have passed.

Before proceeding to show how it is that this may be done, let me call your attention to the fact that, while our population has been accustomed to duplicate itself in twenty-four years, our production has been supposed to increase twice more rapidly, and to quadruple itself in the time required for the duplication of the other. That the power to contribute to the support of Government increases in a ratio greatly more rapid even than production is proved by the experience of every period of our history in which the policy of the country has tended to the promotion of domestic commerce, as in that ending in 1835, when we finally extinguished the national debt; as in that from 1842 to 1848, when we so rapidly passed from the state of exhaustion into which we had been brought by the British free trade provisions of the tariff of 1834, and thus prepared ourselves for the expenditures of the Mexican war; and still more recently when, close upon the heels of the almost bankruptcy of Mr. Buchanan's administration, we passed so nearly instantly to a

state of things in which we were enabled to give to the general and local governments an amount of contributions larger than had ever before been given by any people of the world. So, too, is it proved by the experience of Great Britain, the revenue of that country having, in the short period of twenty years, from 1842 to 1862, grown from £48,000,000 to £72,000,000, notwithstanding the exemption from taxation of 1,119 out of 1,163 articles that had previously been subjected to import duties.

The close of next twenty years is likely to exhibit almost a duplication of our numbers, production meantime having at least quadrupled. That it may do so it is needed that we at once relieve ourselves from all those taxes which now so greatly impede the internal commerce, and which compel us to look abroad for so many commodities that should be produced at home. Let that be done, and the remainder, calculated now to yield $300,000,000, will grow with such rapidity as to enable us, before that time shall have arrived, to extinguish all of that debt which now bears interest.

What is needed for the accomplishment of that object, and all that is needed, is that stimulation of the societary circulation by means of which every man who has labor, or labor's products, to sell, shall be enabled on the instant to find a purchaser for his commodity, be it of whatsoever sort it may. To that end we need that producer and consumer shall, as far as possible, take their places by each other, as has been the case throughout the past four years to an extent that we never before had known. At the present moment their exchanges are everywhere impeded by a taxation which becomes from day to day more oppressive, and now closely resembles that which existed in Great Britain less than half a century since, described by the Rev. Sydney Smith in the following words:—

"Taxes were piled on taxes, until they reached every article which enters into the mouth, or covers the back, or is placed under foot; taxes upon everything which it is pleasant to see, hear, feel, smell, or taste; taxes upon warmth, light, and locomotion; taxes on everything on earth, and in the waters under the earth; on everything that comes from abroad or is grown at home; taxes on the raw material; taxes on fresh value that is added to it by the industry of man; taxes on the sauce which pampers man's appetite, and the drug which restores him to health; on the ermine which decorates the judge, and the rope which hangs the criminal; on the poor man's salt and the rich man's spice; on the brass nails of the coffin and the ribbons of the bride; at bed or board, couchant or levant, we must pay.

"The school-boy whips his taxed top; the beardless youth manages his taxed horse with a taxed bridle, on a taxed road; and the dying Englishman, pouring his medicine which has paid seven per cent. into a spoon that has paid fifteen per cent., flings himself back upon the chintz bed which has paid twenty-two per cent., makes his will on an eight-pound

stamp, and expires in the arms of an apothecary, who has paid a license of a hundred pounds, for the privilege of putting him to death. His whole property is then immediately taxed from two to ten per cent. Besides the probate, large fees are demanded for burying him in the chancel; his virtues are handed down to posterity on taxed marble; and he is then gathered to his fathers, to be taxed no more."

This was a terrible picture when it was first presented, many years since, to the view of the people of England. Equally terrible, and equally true, is it now, when presented for our consideration; and yet, as I propose here to show, it is really as nothing when compared with the tax resulting from dependence on the diminutive demands of manufacturing Europe. That this may be properly appreciated, let us take the facts of the past few years in reference to the wheat crop, and the demand made upon us for wheat and flour for the supply of European markets. The harvests of both England and France, in 1858 and 1859, were abundant, as a consequence of which the demand made upon us by them for food of all descriptions, for the three years ending with 1860, amounted, as has been already shown, to an annual average of only $10,000,000. As a consequence, prices here were very low; the farmers were everywhere in debt; money was at the highest rates; and the whole agricultural interest of the North was in a condition of extreme distress. The rebellion came, cutting off the Southern demand upon the West; but, almost as by a special intervention of Providence, the British and French crops of 1860 and 1861 proved to be failures, and thus enabled us to find abroad the market then lost at home. Since then, their crops have been very large, while ours have been declining, as follows:—

	1863.	1864.	1865.
Wheat crop, bushels . .	179,000,000	160,000,000	148,000,000
Average price in New York	$1 66	$2 52	$2 55
Product	$298,000,000	$403,000,000	$378,000,000

The yield of this last year having been less than of the first by 31,000,000, the product has increased no less than $80,000,000. Had it been otherwise—had the crop grown gradually until it had reached in this last year 200,000,000, thereby producing a necessity for dependence on those European markets in which the price had fallen to a dollar—must not that of our Eastern markets have been lower than had ever before been known? Most certainly such would have been the case. Had it so been, could we anywhere have found the hundreds of millions of revenue that have been paid in the past twelve months? Could we anywhere now find those others upon which we are counting for the current year? Assuredly not! The farmers could have purchased neither cloth nor iron, nor could they have paid the taxes on their land. They and the national treasury have been saved from ruin by the deficiencies of our two last years' crops. Is it right that this dependence on the mere accidents of European harvests

should be permitted longer to continue? Should we not, by creating a great home market, enable our financiers to make more certain calculations of revenue, such as are made in France and England? That we must do so if we would avoid ruin, and early ruin, I regard as absolutely certain.

Every yard of cloth—every bar of iron—every pound of coal—imported from Europe, represents so much foreign food. Of that food we now import to the annual extent of almost hundreds of millions of dollars, while Europe now takes of us almost none, and while the reports just now published in reference to the productiveness of French agriculture are rendering it daily more and more certain that, except in some very extraordinary cases, France cannot only feed herself, but also readily and cheaply supply any deficiency that may hereafter arise in Britain.* Such being the case, where are we in the future to look abroad for markets? Nowhere! Such markets do not exist, and if we do not now determine to create them for ourselves, there must arise a state of things in which it will become utterly impossible to collect the means of defraying even the current expenditures of the general and local governments.

So rapid, under the tariff of 1842, was the growth of the cotton manufacture, that in 1848 it was asserted by the editor of the *Charleston Mercury* that before the lapse of a dozen years the South would have ceased to export raw cotton. What was then prophesied may now, with moderate exercise of judgment, be fully realized. A judicious use of the taxing power, accompanied by provisions securing repayment of the tax when the cotton should be exported in a manufactured state, would, in a few short years, transfer here nearly the whole of this great branch of manufacture, thereby securing to the government a constantly growing revenue, and to the planter a certain price that could never again, as I am well

* WHEAT CROP OF FRANCE.

Average of five years ending in—	Bushels.	Per head.
1821	50,000,000	1.62
1826	58,000,000	1.82
1831	58,000,000	1.79
1836	67,000,000	2.01
1841	69,000,000	2.00
1846	74,000,000	2.09
1851	85,000,000	2.36
1856	81,000,000	2.28
1861	99,000,000	2.69

Low as, in 1863, was the price of wheat in England, the export from France to that country, of wheat and wheaten flour, was the equivalent of 800,000 barrels of the latter. In the succeeding years it must have been even more than this, as the French price was below the English one. Greatly manufacturing as she is, France supplies England with much more food than, agriculturists as we are, we sell to the whole of Europe.

satisfied, fall below 30 cents per pound. Let us, then, determine to mine our own coal and make our own cottons and our own iron, as we are now producing nearly all the wool and most of the woollen cloths we need, and we shall thereby make a market for food so great as not only to relieve our farmers from all necessity for looking to Europe for markets, but also make demand for all the food of Canada. In the ten years ending with 1864, Great Britain increased her produce of coal from 64 to 92 millions of tons. Let us do as much, and we might readily do more, and we shall thereby make at home such a market for the products of the farm as will add to the money value of our land, North and South, East and West, so many thousands of millions as will cause our present public debt, local and national, to sink into insignificance. Let us do that, and the control of the commerce of the world will then have passed from the eastern to this western side of the Atlantic, here forever to remain.

At the close, half a century since, of the great wars of the French Revolution, England abolished her sinking fund and gave her undivided attention to the measures required for increasing the power of production and accumulation, and for thus reducing the rate of interest on public and private debts, the results of that course of action exhibiting themselves in the fact that, notwithstanding frequent and expensive wars, she now finds herself prepared to enter upon the reduction of her debt. It was a great example—one that should now be followed. The more thoroughly it shall be so, the greater must be the growth in the money value of both land and man—the larger the reward of landowner and laborer—the greater the growth of the productive power—the smaller the *proportion* required for public purposes—and the more speedy the arrival of the period when we shall not only have been relieved from the burthen of foreign debts, but have become lenders to the outside world, as Great Britain so long has been. Then, and not until then, shall we have attained a real independence.

It may, and probably will, be said that the determination to adopt no measures looking to instant reduction of the national debt would have an injurious effect upon the price of our securities in Europe. Should it prove so to be, the nation would have reason to rejoice, however much bill-brokers and bankers might find therein reason for lamentation. Nothing but injury can, by any possibility, result from leading foreigners to believe that the course we now pursue can ever end in resumption of specie payments. Every step we take leads in the direction of bankruptcy the most complete, to be followed by repudiation. With each, the rate of interest rises, to the great advantage of the money-lender of the present, and great disadvantage of the laborer, the farmer, and the mechanic—the men who need the aid of others' capital. With each, the

price of food falls, to the great advantage of all whose income results from taxation of those to whose labor we stand indebted for both food and wool. With each, the holders of coupons and receivers of taxes are more and more enabled to live abroad, there consuming, to the annual extent of probably a hundred millions, French, British, and German food. With each, there is here diminished faith in our future, and diminished power to make a market at home for the various products of the land. With each, the *London Times* becomes more enthusiastic in its approval of our financial policy. Well it may do so, as it is precisely the one required for perpetuating our dependence on the capitalists of Britain. "In the eyes of the English," says that eminent philosopher, Mons. De Tocqueville, "that which is most useful to England is always the cause of justice. The man or the government which serves the interests of England has all sorts of good qualities; he who hurts those interests, all sorts of defects; so that it would seem that the *criterion* of what is right, or noble, or just, is to be found in the degree of favor or opposition to English interest."

English interests are to be served by heavy American taxation, and as that taxation becomes at every step of our present career more and more burthensome, it meets, of course, with English approval. When continuance in that course shall have led, as it certainly must do, to the reinstatement in power of the friends of Britain and of British free trade, the gentlemen who now direct our affairs may perhaps begin, but too late begin, to appreciate the magnitude of the error that is now so unhappily being committed.

Commending these views to your careful consideration,

I remain, with great regard,

Yours very truly,

HENRY C. CAREY.

PHILADELPHIA, January 3, 1866.

CONTRACTION OR EXPANSION?

REPUDIATION OR RESUMPTION?

LETTERS TO THE HON. HUGH M'CULLOCH,
SECRETARY OF THE TREASURY.

BY

HENRY C. CAREY.

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LETTERS TO THE HON. H. McCULLOCH,

SECRETARY OF THE TREASURY.

LETTER FIRST.

DEAR SIR:—

FULLY agreeing with you, as I do, in regard to many most important questions of public policy, it is with great regret that I find myself so wholly differing in reference to the existence of that "plethora of paper money" of which you speak, and to which you now attribute the "large importation of foreign fabrics;" the "splendid fortunes realized by skilful manipulations at the gold room or stock board;" the "rise in the prices of the necessaries of life;" the increase in the number of "non producers;" and the most important fact that "productive industry is being diminished."

That this, to a considerable extent, is an accurate exhibit of the actual state of affairs I am not at all disposed to doubt, but were I even to admit its perfect accuracy the questions would still remain: Why are such the facts? Why is it that men are now unemployed who but a twelve month since were so fully occupied? Why is it that our foreign debt so steadily increases? To these questions you furnish one general answer, that "paper money" is too abundant; and that if we would bring about a more healthy state of things its quantity must be diminished. I, on the contrary, hold that no such "plethora" exists, and that the real cause of all this error must be sought for in a direction precisely opposite, there to be found in measures of contraction with which the country has been threatened; and fully do I believe that if we would bring about a more healthy condition of affairs it is required that we move in a direction exactly the reverse of that which you so recently have indicated.

Differing thus widely, one of us must be much in error. It may be that I am wrong, but until I can look at the facts in a manner very different from that in which they now present themselves to my mind, I must continue to believe that I am right. The error may, possibly, my dear sir, be with yourself, and if it can be shown that such is the case, you will, I am sure, rejoice at being so convinced. So believing, I propose,

with a view to the determination of the question whether such "plethora" does or does not exist, to furnish here a comparison of the actual circulation of the three chief commercial countries of the world, France, Great Britain, and the United States; of the needs of each for such circulation; and of their power profitably to use it. Should the result of such comparison be that of proving that not only is our medium of circulation not in excess in its relation to population and production, but that it is greatly short in the proportion which it bears to both, then, as I most respectfully submit, will it be necessary to look in a direction opposite to that of "plethora of paper money" for the cause of error, and there, on further examination, perhaps it may be found.

Seven years since the coin in use in France was estimated at 4,880,000,000 francs, or more than $900,000,000. Since then the quantity must have increased, the substitution of the convenient gold for the heavy and cumbrous silver coins that even then were still so generally in use having, as has been stated by a recent writer, had the effect of placing napoleons in pockets that before could carry only francs. Admitting, however, that the increase has been sufficient only to add to the coin in the hands of the public as much as before had been in the bank vaults, we have a hard money circulation of $900,000,000*
To which must now be added the "paper money" circulation, which may be taken at about . . 170,000,000†

Giving a grand total of $1,070,000,000
Or nearly $30 per head.

The coin actually in use in Great Britain and Ireland was estimated a few years since at £60,000,000. Since then it must greatly have increased, but, claiming no allowance on that account, I put it here at the same figure, being the equivalent of only . . . $300,000,000

The "paper money" circulation of the past few years has varied between 37½ and 42½ millions. Taking the mean of these quantities we have the equivalent of about . . 200,000,000

To this must now be added a paper circulation of a character little known in this country, and consisting of promises of individuals, in the form of bills of exchange, to deliver money at a future day. Of these, large quantities are in constant circulation, returning finally to their payers covered with indorsements, sometimes 15, 20, and even more

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* From 1850 to 1865 the importations of the precious metals were in excess of the exportations to the extent of $334,000,000. The quantity held in 1852 was estimated by M. du Puynode at 3,500,000,000, or nearly $700,000,000.

† The amount in 1853 was only 395,000,000 francs. From that time it had grown with great steadiness until, in 1862, it had attained the figure of 869,000,000. In 1864 it was 804,000,000.

in number, and having throughout the whole period of their existence performed all the service that here is performed by bank notes. The whole quantity of bills of exchange outstanding at any given time was estimated, some years since, at £200,000,000, and must now be greatly larger. Allowing here but one-fifth of that sum to be used for purposes of circulation, we have the equivalent of 200,000,000

Giving a grand total of $700,000,000

Or but little less than $25 per head.

The actual circulation of the Union, as just now furnished by the Comptroller, we know to be $460,000,000, being $12.50 per head, or one-half of that of Great Britain and Ireland.* Compared with that of

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* The amount of national bank notes in actual circulation on the 1st day of October last, was		$171,321,903
The amount of State bank notes in circulation at the same date, as appears by returns to the Commissioner of Internal Revenue, was		78,867,575
Making the bank circulation on the 1st day of October last .		250,189,378
The amount of legal-tender notes and fractional currency issued and outstanding on the 1st of October, 1865, was . . .		704,584,658
National bank notes in the hands of banks not yet issued .		19,525,152
National currency yet to be issued to banks		109,152,945
Making the aggregate amount of legal-tender and bank notes in circulation as authorized to be issued to and by the banks		1,083,452,233
From which sum should be deducted, State bank circulation now outstanding that will be retired about as fast as national currency is issued to converted banks	$78,867,575	
Also the amount of "compound interest notes" converted into 5-20 bonds since the 1st of October last	44,417,329	
		123,284,904
The amount then left as the available currency of the country is		960,167,326
In order to ascertain the amount of actual active circulation on the 1st day of October last, there should be deducted from the last mentioned sum—		
The amount of national currency delivered to banks, and not then in circulation . .	$19,525,152	
National circulation not delivered to banks .	109,152,945	
Amount of legal-tender notes held by banks, including $74,261,847 compound interest notes,	193,094,365	
Carried forward	$321,772,462	$960,167,326

France it stands in the ratio of but 5 to 12; and yet, for various reasons, we should be entitled to expect to find it bearing to population a larger proportion than in either one of those countries. Among these reasons are the following:—

First. To pay any given number of mechanics or laborers required, before the war, more than twice the quantity of circulation that would have been needed in France; and one-half more than would have been required in Great Britain. The war having been accompanied by the establishment of a National Free Trade System there came a greatly increased demand for laborers with so large an increase of wages that the quantity of circulation now required for paying any given number of hands must be taken at twice that needed by the latter and thrice that required by the former.

Second. The proportion borne by circulation to numbers tends rapidly to increase as population becomes more widely scattered, and as rapidly to diminish as men are enabled to come more near together. That this is so, is shown in the fact that thousands of millions of exchanges are weekly performed in New York and other great commercial cities without the necessity for using a single note; whereas, among a scattered people like our own, every exchange, large or small, necessitates the delivery of a given quantity of coin or "paper money." Such being the case, the 36,000,000 of our people, dispersed over a territory eight times more extensive than that occupied by the 37,000,000 of France, and twelve times greater than that of the United Kingdom, might fairly be expected to demand a circulation, per head, thrice greater than that of either of those countries; and yet, as has been shown, it is but half as great as that in use in the one, and much less than half that employed by the other. Is it then, my dear sir, to be believed that there is among us, really, any of that "plethora" of which you have spoken? As it seems to me did we need to find one it would be beyond the ocean that we should seek it.

Brought forward	$321,772,462	$960,167,326
Compound interest notes, other than those held by banks, mostly held as investments by insurance and trust companies and savings banks, less say $10,000,000 in actual circulation .	121,314,195	
Currency in the treasury of the United States,	56,236,440	
Total		499,323,097
Which will show the actual circulation to be		$460,844,229

This favorable exhibit of the amount of paper in actual circulation, is owing in a great degree to the accumulation of currency in the hands of the banks, in the absence of the great demands of the government for currency since the close of the war.—*Report of the Comptroller of the Currency.*

The grand error that, as it seems to me, we are accustomed to commit, is that which results from limiting ourselves to a comparison of the various periods of our own financial history, leaving wholly out of view the facts furnished by the history of other commercial nations. Thus, in the comparative view of our circulation given in your Report it is shown that it grew from $60,000,000 in 1830 to $140,000,000 in 1836; and from $58,000,000 in 1843 to $207,000,000 in 1860; but those facts are not supplied by means of which your readers might be enabled to judge as to whether or not even the largest of these figures was in excess of the absolute wants of the community—whether it did, or did not, indicate the existence of any "plethora of paper money." That it did not do so has seemed to me, and must now, as I think, appear to you, to be very certain. On the contrary, when compared with other commercial countries it furnishes conclusive evidence that the supply of the medium of circulation had always been deficient, and thus enables us to understand more accurately the real cause of the extraordinary activity of the societary circulation which prevailed throughout the war, and to which our people have been indebted for power to give to the government the thousands of millions of dollars required for enabling it to dictate the terms of peace.

Of all the phenomena exhibited during the wonderful war in which we have been engaged, among the most extraordinary are those connected with the transportation of vast armies and all the vast supplies by them required, throughout a country of such vast extent, and over roads scarcely any portion of which south of the Delaware could boast of more than a single track, that, too, supplied with rails of the poorest kind. Never in the world, even under circumstances far more favorable, has such an amount of transportation been effected—never so large an amount of public work so well accomplished. Precisely so has it been, and now is, with the machinery by means of which circulation is effected from hand to hand, no country having ever yet performed so large an amount of exchanges by means of a medium of exchange the supply of which was so utterly disproportioned to the amount of production, to the quantity of exchanges needed to be made, or to the number of people empowered to make them. So far from "plethora" having either then or at any previous time existed, the financial history of the Union presents an uninterrupted series of figures the study of which is calculated to excite surprise that so much has always been done when the supply of machinery by means of which alone it could be done, has throughout our whole experience been so deficient. No other people, with such means, could so well have effected the transportation of the war; no other could, with such a supply of the medium of exchange, have so well effected the exchanges of both war and peace.

Proposing in another letter to examine into the influence of "paper money" on the action of the past five years, I remain, meanwhile, with great respect and regard,

Yours very truly,
HENRY C. CAREY.

Philadelphia, January 28, 1866.

LETTER SECOND.

Dear Sir:—

Had it been possible, on the 4th of March, 1861, to take a bird's-eye view of the whole Union, there would have been seen—

Millions of men and women wholly or partially unemployed, because of inability to find persons able and willing to pay for service:

Hundreds of thousands of workmen, farmers, and shopkeepers holding articles of various kinds for which no purchasers could be found:

Tens of thousands of country traders poring over their books seeking, but vainly seeking, to discover in what direction they might look for obtaining the means with which to discharge their city debts:

Thousands of city traders endeavoring to discover how they might obtain the means with which to pay their notes:

Thousands of mills, factories, furnaces, and workshops large and small, standing idle while surrounded by persons who desired to be employed; and

Tens of thousands of bank, factory, and railroad proprietors despairing of obtaining dividends by means of which they might be enabled to go to market.

High above all these a National Treasury wholly empty, and to all appearance little likely ever again to be replenished.

Why was all this? The laborer needing food, and the farmer clothing, why did they not exchange? Because of the absence of power on the part of the former to give to the latter anything with which he could purchase either hats or coats.

The village shopkeeper desired to pay his city debts. Why did he not? Because the neighboring mill was standing idle while men and women, indebted to him, were wholly unemployed.

The city trader could not meet his notes, because his village correspondents could not comply with their engagements. The doctor could not collect his bills. The landlord could not collect his rents; and all, therefore, from laborer to landlord, were compelled to refrain from the purchase of those commodities to whose consumption the National

Treasury had been used to look for the supplies upon which it thus far had depended.

With all, the difficulty resulted from the one great fact already indicated in regard to the laborer. If *he* could have found any one willing to give him something that the farmer would accept from him in exchange for food—that the farmer could then pass to his neighbor shopkeeper in exchange for cloth—that that neighbor could then pass to the city trader in satisfaction of his debt—and that this latter could then pass to the bank, to his counsel, his physician, or his landlord—the *societary circulation* would at once have been re-established and the public health restored.

That one thing, however, was scarcely anywhere to be found. Its generic name was *money*, but the various species were known as gold, silver, copper, and circulating notes. Some few persons possessed them in larger or smaller quantities; but, the total amount being very small when compared with that which was required, their owners would not part with the use of them except on terms so onerous as to be ruinous to the borrowers. As a consequence of this, the city trader paid ten, twelve, and fifteen per cent. per annum for the use of what he needed, charging twice that, to the village shopkeeper, in the prices of his goods. The latter, of course, found it necessary to do the same by his neighbors, charging nearly cent. per cent.; and thus was the whole burthen resulting from deficiency in the supply of a medium of exchange thrown upon the class which least could bear it, the working people of the country—farmers, mechanics, and laborers. As a consequence of this, they shrunk in their proportions as the circulation became more and more impeded, while with those who held in their hands the regulation of the money supply the effect exhibited itself in the erection of those great palaces which now stand almost side by side with tenement houses whose occupants, men, women, and children, count by hundreds. The rich thus grew richer as the poor became more poor.

Why was all this? Why did they not use the gold of which California had already sent us so many hundreds of millions? Because we had most carefully followed in the train of British free trade teachers who had assured our people that the safe, true, and certain road towards wealth and power was to be found in the direction of sending wheat, flour, corn, pork, and wool to England in their rudest form, and then buying them back again, at quadruple prices, paying the difference in the products of Californian mines! Because we had in this manner, for a long period of years, been selling whole skins for sixpence and buying back tails for a shilling! Because we had thus compelled our people to remain idle while consuming food and clothing, the gold meanwhile being sent to purchase foreign food and clothing for the workmen of London and Paris, Lyons, Manchester, and Birmingham!

Why, however, when circulating notes could so easily be made, did not

the banks supply them, when all around would so gladly have allowed interest for their use? Because those notes were redeemable in a commodity of which, although California gave us much, we could no longer retain even the slightest portion, the quantity required abroad for payment of heavy interest, and for the purchase of foreign food in the forms of cloth and iron, having now become fully equal to the annual supply, and being at times even in excess of it.* That demand, too, was liable at any moment to be increased by the sale in our markets of certificates of debt then held abroad to the extent of hundreds of millions, the proceeds being claimed in gold and thus causing ruin to the banks. To be out of debt is to be out of danger, but to be in debt abroad to the extent of hundreds of millions is to be always in danger of both public and private bankruptcy. *The control of our whole domestic commerce was therefore entirely in the hands of foreigners who were from hour to hour becoming richer by means of compelling us to remain so dependent upon them that they could always fix the prices at which they would buy the skins, and those at which they would be willing to sell the tails.* As a necessary consequence of this, the nation was not only paralyzed, but in danger of almost immediate death.

Such having been the state of things on the day to which I have referred, let us now look at the remedy then required. Let us, for a moment, suppose the existence of an individual with wealth so great that all who knew him might have entire confidence in the performance of what he promised. Let us then suppose that he should have said to the laborers of the country, "Go into the mills, and I will see that your wages are paid;" to the millers, "Employ these people, and I will see that your cloth is sold;" to the farmers, "Give your food to the laborer and your wool to the millers, and I will see that your bills are at once discharged;" to the shopkeepers, "Deliver your coffee and your sugar to the farmer, and I will see that payment shall forthwith be made;" to the city traders, "Fill the orders of the village shopkeeper and send your bills to me for payment;" to the landlords, "Lease your houses and look to me for the rents;" to all, "I have opened a *clearing house* for the whole country, and have done so with a view to enable every man to find on the instant a cash demand for his labor and its products, and my whole fortune has been pledged for the performance of my engagements;" and then let us examine into the effects. At once the societary circulation would have been restored. Labor would have come into demand, thus

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* From November, 1849, to December, 1864, the gold shipped from California amounted to $694,908,923

Excess exports of the precious metals in the same period . 587,746,078

Balance $107,162,845

Allowing now but $7,000,000 for the annual consumption in the arts, the whole balance would have been thus disposed of.

doubling at once the productive power of the country. Food would have been demanded, and the farmer would have been enabled to improve his machinery of cultivation. Cloth would have been sold, and the spinner would have added to the number of his spindles. Coal and iron would have found increased demand, and mines and furnaces would have grown in numbers and in size. Houses becoming more productive, new ones would have been built. The *paralysis* would have passed away, life, activity, and energy having taken its place; and all these wonderful effects having resulted from the simple pledge of the one sufficient man that he would see the contracts carried out. He had pledged his credit and nothing more.

What is here supposed is almost precisely what then was done by the National Treasury, the only difference having been, that while in the one case the farmers and laborers had been required to report themselves to the single individual or his agents, the Government has since, by the actual purchase of labor and its products, and the grant of its pledges in a variety of shapes and forms, enabled each and every man in the country to arrange his business in the manner that to himself has seemed most advantageous. To the laborer it has said, "We need your services, and in return will give you that which will enable your family to purchase food and clothing." To the farmer, "We need food, and will give you that by means of which you can pay the shopkeeper." To the manufacturer, "We need cloth, and will give you that which will enable you to settle with the workman and the farmer." To the naval constructor, "We need your ships, and will give you that which will enable you to purchase timber, iron, and engines." In this manner it is that domestic commerce has been stimulated into life, the result exhibiting itself in the facts, that while we have in the last five years increased to an extent never known before the number of our houses and our mills, our mines, and furnaces, our supplies of food, cloth, and iron; and while we have diversified our industry to an extent that is absolutely marvellous; we have been enabled to lend, or pay, to the Government thousands of millions of dollars, where before, under the system which made us wholly dependent on the mercy of the wealthy capitalists of England, we found it difficult to furnish even tens of millions. The whole history of the world has presented no case of a financial success so perfect.

In the physical body health is always the accompaniment of rapid circulation, disease that of a languid one. Now, for the first time since the settlement of these colonies, have we had experience of the first. Every man who desired to work, found a purchaser for his labor. Every man who had labor's products to sell, found a ready market. Every man who had a house to rent, found a tenant. And why? Because the Government had done for the whole nation what Companies do for localities when they give them railroads in place of wagon roads. It had so

facilitated exchange between consumers and producers, that both parties had been enabled to pay on the instant for all they had had need to purchase.

Important, however, as is all this, it is but a part of the great work that had been accomplished. With every stage of progress there had been a diminution in the general rate of interest, with constant tendency towards equality in the rate paid by the farmers of the East and the West, by the owner of the little workshop and by him who owns the gigantic mill. For the first time in our history the real workingmen—the laborer, the mechanic, and the little village shopkeeper—had been enabled to command the use of the machinery of circulation at a moderate rate of interest. For the first time had nearly all been enabled to make their purchases cash in hand, and to select from among all the dealers those who would supply them cheapest. For the first time had this class known anything approaching to real independence; and therefore has it been that, notwithstanding the demands of the war, the power of accumulation has been so great. The gain to the community from the economy of labor and labor's products has counted by thousands of millions of dollars, and it has been because of that gain that we have been enabled to furnish to the Government an amount of contributions so far exceeding anything of the kind that the world before had known.

The power of accumulation exists in the ratio of the rapidity of circulation, and it does so because the greater that rapidity the more complete is the economy of human force, the greater the production, and the more complete the economy of interest. That that power may grow a full supply of the medium of circulation is as much required as is a proper supply of railroad cars and engines. Without these latter there would be few exchanges between the East and the West, the North and the South; and without the former it is wholly impossible that there should be that rapidity in the exchange of human service to which alone must we look if we would have increase of production and of societary force.

The view above presented of our power of accumulation throughout the period of Mr. Lincoln's administration differs slightly from that which commonly is entertained; and yet, my dear sir, when you shall have reflected upon the facts which I shall now present, you will, as I feel assured, agree with me in the belief that it has not been overrated. It is probably true, as is so frequently asserted, that less than the average number of city houses has been built, but the growth of towns and villages has been great beyond all former precedent. Look to the coal and iron regions—to the oil region of the Ohio and its tributaries—and to the wonderful mineral one beyond the Mississippi, and you will find that there have been there created homes for millions of men, their wives and children. Little cotton machinery, it is true, has recently been built, but we have more than doubled our power to produce both wool and

woollen cloth. Rolling mills now exist, capable of furnishing annually 750,000 tons of bars, while the power by means of which those bars may be converted into ships, engines, and other machinery of transportation and production has more than doubled, and has, probably, even trebled. Factories have been created capable of supplying almost the world's demand for various instruments of production or defence; sewing machines on the one hand, pistols, rifles, and Parrot guns on the other. The quartz mills have been created to which we are now, as we are assured, to look for an immediate production of the precious metals to the annual extent of $200,000,000. For every engine five years since there are now, as I think, more than three at work. Throughout the vast fields of the West machines are everywhere doing the work that five years since was done by human hands. Fewer miles of railroad may have been constructed, but the rolling stock of all has been so much increased that the power of transportation throughout the loyal States has more than doubled. St. Louis presents to-day, as we are told, an amount of steam tonnage two-fifths greater than there existed before the war; and yet, so great has been the quantity of produce seeking to go to market that the Pennsylvania Central, at Pittsburg, has recently been blocked by 2500 loaded cars, for the movement of which no power could be furnished. Look, then, in what direction we may, whether to the greater or smaller machinery of production, we witness an increase of quantity so great as fully to warrant us in the belief that, leaving wholly out of view the sums invested in loans to cities, counties, States, and to the general government, at no period has the power of accumulation been much more than half as great as it has been shown to be in the years of the great war that has now so happily terminated.

For all these successful results we stand indebted to the combined action of two great measures of the administration; *first*, the adoption of a national free trade system, by aid of which producers and consumers were to be brought to act together; and *second*, the adoption of a national system of circulation based entirely on the credit of the government with the people, and not liable to interference from abroad. Both were needed, and neither one could, without the other, have been productive of the great results that have been achieved. To the latter of them, however, you object, on the ground that it has caused an unnatural and injurious rise of prices; that it has lessened the disposition to exertion; and that it tends now to cause great diminution in the productive industry of the community. To all this I answer that, when carefully examined, the facts do not seem to me to sustain these objections, and that such is certainly the case I propose in my next to show, meantime remaining, with great respect,

Yours, very truly,

HENRY C. CAREY.

PHILADA., Jan. 30, 1866.

LETTER THIRD.

Dear Sir:—

Before proceeding to inquire into the changes of price so generally attributed to that "plethora of paper-money" of which you have spoken, it may be well to determine what, precisely, they recently have been. To that end, I give you here the actual prices of the New York market, as just now furnished by the *Merchants' Magazine*, for the closing week of the year which preceded the joint inauguration of Mr. Lincoln and of a national free trade policy, and for the corresponding week of the several years that since have passed, as follows:—

	1860.	1861.	1862.	1863.	1864.	1865.
Ashes	$5 00	$6 25	$8 50	$8 50	$11 75	$9 00
Flour, State . . .	5 35	5 50	6 05	7 00	10 00	8 75
Wheat, red . . .	1 38	1 42	1 48	1 57	2 45	2 05
Corn	72	64	82	1 30	1 90	95
Hay	90	77	85	1 45	1 55	75
Hops	25	20	23	33	40	50
Hemlock leather .	30	20	27	30	42	36
Lime	75	65	85	1 30	1 15	1 10
Pork, old mess . .	16 00	12 00	14 50	19 50	43 00	28 50
Beef, city mess .	6 00	5 50	12 00	14 00	20 50	20 00
Hams	8	6	8	11	20	16
Lard	10	8	10	13	23	19
Butter	18	19	22	29	55	48
Cheese	10	7	12	15	20	18
Tallow	10	10	10	12	18	14
	$37 21	$33 63	$46 17	$56 05	$94 48	$73 11

From this list have been excluded cotton and naval stores, both of which, during the blockade, were so very high and have since so greatly fallen. For special reasons, however, many of these very articles might with equal propriety have been omitted. Of wheat, for instance, the crop of the last year was less by 12,000,000 bushels than that of 1864, that itself having been less by 16,000,000 than had been the one of 1863. This, of course, largely affects the present prices of both wheat and wheaten flour. Butter and cheese are higher than they would otherwise be, because of the very considerable diminution in the number of cows exhibited in the recent Report of the Commissioner of Agriculture. A corresponding diminution in the number of cattle generally, coupled with the existence of a cattle plague throughout a large portion of Europe,

accounts for an increase in the prices of both beef and pork.* Allowing for all these circumstances, I would now, my dear sir, most respectfully beg you to reflect on the answers that might properly be given to the following questions, to wit:—

First. Comparing present prices with those which ruled before the war, is there here exhibited any increase that might not have taken place had there been no change whatsoever in the circulation?

Second. Making the same comparison, and allowing for the fact that from the increased prices of 1865 is to be deducted the increased rate of freight, most of which has been rendered necessary by the heavy taxation of coal, iron, cars, engines, receipts, dividends, &c. &c., would the western farmer, except for the accidental circumstance of a deficient supply of wheat occurring simultaneously with the existence of a cattle plague abroad, receive to-day even as much in paper as he had before in gold?

Third. Leaving wholly out of view, with the single exception of a cattle plague occurring simultaneously with a diminution in our own supply of cattle, all of the circumstances above referred to, would there, in the prices current, now be found as great a change for the better as we should have been warranted in expecting from the creation of that great internal commerce which had resulted from the adoption, in 1861, of a policy having for its object the bringing together of the producer and the consumer, to the great advantage of both?

Fourth. Is there to be found in the above exhibit any evidence that the farmer now profits of the events of the past few years even to such extent as is absolutely required for enabling him to continue payment of the heavy taxes, local and national, now imposed?

Fifth. Must not any attempt at further forcing down prices, with a view to compelling export of our products in exchange for gold, be followed by inability to pay the taxes and by financial and political ruin?

Sixth. Do not all the facts above given show clearly, that what we really need is such a stimulation of the societary circulation as would cause that increased demand for all the products of the farm which would maintain their prices and diminish the necessity for employing our people in that which is the proper work of the barbarian and the slave, and of them alone, to wit, that of raising raw products for the supply of distant markets?

Throughout the period of Mr. Lincoln's administration that circulation was active to an extent never before known in any country of the world, and to that activity, as has been shown, have we been indebted for power successfully to prosecute the war. How we have been indebted to

* So much has the demand for beef exceeded the supply, that, notwithstanding large imports from Canada, the number of cattle and oxen reported by the Commissioner of Agriculture is now nearly a million less then it was six years since.

increase in the supply of the medium of circulation for promoting that activity, and thus enabling us to supply the thousands of millions rendered necessary by the war, has been also shown. What have been the precise facts connected with the change of prices above exhibited I propose, in my next, to show, and have now to ask for them your careful consideration. Meanwhile, my dear sir, permit me here to say a word or two in regard to my own position. Throughout the war I have been a heavy sufferer under the legal-tender system, having been, as I still am, compelled to accept paper in place of the gold that honestly was due me, and to pay double or treble price for almost everything I required to purchase. My *apparent* interests are, therefore, all on the side of an early return to specie as the standard, but well do I know that my *real* interests are so closely bound up with those of my neighbors that what must be bad for them cannot be good for

Yours truly and respectfully,

HENRY C. CAREY.

PHILADELPHIA, February 3, 1866.

LETTER FOURTH.

DEAR SIR:—

At the close of 1860, the "paper money" circulation of the loyal States amounted to $150,000,000. Adding to this the precious metals then in actual use, the total circulation cannot materially have exceeded $250,000,000.

The following summer witnessed a withdrawal of nearly the whole of the Western circulation consequent upon losses caused by the rebellion. The precious metals were still in use, but the tendency towards hoarding had greatly grown, and the total circulation, even after the issue of $50,000,000 of Treasury notes authorized by the law of July, 1861, had at the close of the year certainly much diminished.* The consequences of this exhibit themselves in the table heretofore given, in a reduction of about 10 per cent. in the sum of the New York prices, equivalent to at least 25 per cent. in those of the West.

The Act of February, 1862, authorized the issue of legal tender notes

to the extent of	$150,000,000
That of July, 1862	150,000,000
Adding now to this for the bank notes in circulation .	100,000,000
We have at the close of the year a total of . . .	$400,000,000

* Even as late as December, 1862, the State bank circulation, as given in the annual report, was but $97,000,000.

exhibiting an addition of scarcely less than 60 per cent.; and yet, the increase in the sum of prices, as has been shown, was but from $37.21 to $46.17, or $8.96; and of this trivial augmentation two-thirds are seen to have resulted from an increased demand for the beef required for supplying the hundreds of thousands of men engaged in the effort at maintenance of the Union. There is, certainly, here no difference that might not as readily have taken place under a moderate extra demand from abroad, had the circulation remained entirely unchanged.

In March, 1863, there was authorized a further emission of legal tender notes, the amount of which was now to be carried up to $450,000,000

The fractional currency issued may then have reached 20,000,000

The State bank circulation, as returned to the Comptroller, was $147,000,000, to which must now be added that of the banks from which no returns had been received, giving a total of probably not less than 155,000,000

National bank circulation probably 5,000,000

To which must here be added interest bearing legal tenders issued in the last quarter of the year, and all then in circulation among the people, estimated at 60,000,000

Total circulation Dec., 1863 . . . . . $690,000,000

In three years the circulation had thus almost trebled, and with what effect on prices? The $37.21 of the dull and lifeless period which followed the election of Mr. Lincoln had been replaced by the $56.05 of the period of life and animation of December, 1863, showing an aggregate difference of $18.84, nearly two-thirds of which are found in the two articles of beef and pork, the army demand for both of which had been so immense. Here again there is found no increase that, under circumstances otherwise similar, might not properly have been looked for, had gold remained the standard.

With 1864, we have no increase of circulation except that which resulted from additional issues by State and National banks. What was the extent of the former I have no means of knowing, but see no reason for believing that it was very great. Of National bank notes, the total quantity supplied to the first of October had been $65,000,000; but, as shortly after stated in your annual Report, they were "to a considerable extent" merely a substitution of National for State currency. In all cases, the institutions receiving notes found themselves compelled by law to retain on hand one-fourth of the amount in legal tenders, which were thus withdrawn from circulation, and constituted an offset so large as almost to neutralize the issues to the new banks that had been then created. The interest bearing legal tenders may somewhat have increased, but, having been steadily withdrawn from circulation as they

grow in value, the increase cannot have been very great. Further than this, the high price of gold having withdrawn from it all the private hoards of the country, the hoarding of "greenbacks" had not only now commenced, but had made such progress as to constitute an important element in the estimate here, for the close of the year, to be made of the "paper money" then outstanding. Allowing for all these circumstances, the highest estimate of the circulation that could now be made would scarcely, as I think, exceed $750,000,000, giving an increase of 60 millions, or from eight to nine per cent.

In the mean time, however, the field throughout which this "paper money" was to be diffused had greatly been enlarged. At the close of 1863 there had been, except near New Orleans, scarcely a foot of ground south of the Potomac, the Ohio, or the Missouri, that was securely held; and of the expenditures in the field by far the larger portion was being made at points that were but very little further southward. Now, however, all had changed, the seat of war having been transferred to the vicinity of the James, the Alabama, and the Savannah. Adding to this the fact that the States of Colorado, Nevada, and Montana were being rapidly created; while Nebraska and Minnesota were as rapidly increasing in the numbers of their population; it will be seen that the surface over which a medium of circulation was required must have been, to say the least of it, one-half greater than it had been at the close of the previous year. Making now allowance for all these facts, it is, as I think, safe to say, that the proportion borne by circulation to the need for it, *had in that year been diminished at least a fourth;* and yet, within that year the $37.21 of 1860, and the $56.01 of 1863, had become the $94.45 of 1864. Thus are we presented with the extraordinary facts, that while the circulation was being increased prices had but slightly risen; whereas, now, when, in practical effect, it had been materially reduced, they had risen with great rapidity; showing, and very clearly, as it appears to me, that the extraordinary changes we recently have witnessed have not been caused by increase of circulation, and that it is not in the direction of its diminution that we are to look if we desire to bring about resumption.

The real cause of all this extraordinary rise, in the face of a diminution in the proportion borne by circulation to the need for it, is found in the following paragraph of the Comptroller of the Currency, to wit:—

"By a gold valuation of our imports and exports, the balance that has accrued against this country during the four years previous to the 30th day of June last, including the interest on American securities held abroad purchased within that time, and also taking into due consideration the difference between our own standard and that of foreign gold ($9\frac{3}{8}$ per cent.), has been $308,000,000."

This, of itself, would be sufficient to account for all the rise of gold, and rise of "paper money" prices, that occurred in 1864; and yet, thereto

must now be added a sum almost, if not even quite, as large, for covering the expenditures of our travellers in Europe; the interest on stocks and bonds held in Europe before the war; the freights, and the under-valuations of imports. It is safe, as I believe, to estimate our expenditures abroad as having exceeded our exports to the annual extent of $150,000,000, or, in the whole, $600,000,000. The only commodity in which this balance could be paid was gold, the price of which naturally rose until it had so thoroughly emptied all the hoards of the country, public and private, that scarcely any now remains except what is indispensably necessary for the payment of interest by, and of duties to, the Government.

It fell with the opening of southern ports and the emancipation of cotton, and with it fell, too, the prices of each and all of the commodities in the list above presented. Is there, however, to be found any evidence that the "plethora of paper money" had controlled the prices of our various products? None, whatsoever! On the contrary, the changes are precisely such as must, under similar circumstances of supply and demand, have occurred had the idea of a legal tender note had no existence. The total difference between the sum of the prices of 1860 and 1865 is $35 90, of which three-fourths, even, are here found in the articles of pork and beef, leaving but $9 40 for all the others. Hay, for "paper money" is cheaper than when it was payable in gold. Wheat commands now far more gold than it did in 1864. Why? Because the crop proved short! Butter remains high because cows have become far less numerous. Oats are scarcely higher than they were five years since. Corn has fallen to half the price of 1864, because the crop has been very large. Such are the results, when we compare the New York prices, increased as they are by the present enormous charges for transportation, but when we look West, we find that corn is being used for fuel, while wheat is in some places selling at 40 cents, and oats at only eight! That such prices must, in a great measure, deprive the western farmer of power to contribute to the Federal revenue would seem to be very clear; yet is there an unceasing cry for further reduction, that cry coming, too, chiefly from men who are most urgent for "thorough taxation," speedy resumption, and prompt discharge of the public debt! Could the editors to whom we are indebted for such advice be persuaded to study carefully the facts above presented, they could scarcely, as I think, fail to see that further travel in that direction must lead to public bankruptcy, political revolution, and a perpetuity of "paper money" as the exclusive medium of circulation.

That "paper money" is democratic in its tendencies may readily be seen by all who study the fact that it is scarcely at all used by the great operators in foreign merchandise of whom you have spoken, or by the stock board operators to whom you yourself, my dear sir, have referred.

Thousands of millions pass and repass among such people without the aid of a single note; whereas, among the small operators of our cities—the workmen of our factories—the laborers in our fields—the farmers and miners of the West—there exists an absolute necessity for *a letter of credit*, in the form of a bank or treasury note, to be used on the occasion of each and every exchange of commodities or services that is made. A war upon what is called "paper money" is therefore a war upon the poor in favor of the rich; and that the war being made upon it has precisely that effect is proved by the fact, that the western farmer is now being impoverished by reason of such a reduction in the price of corn and oats that the former is being used as fuel while the latter is being sold at 8 cents per bushel, houses and lots in the neighborhood of Wall Street commanding at this moment prices such as had never before been heard of. That such a war *can* have no end other than that of political revolution the most complete is so absolutely certain that, regarding as I do the future of the country and that of the administration as being inseparably linked together, I feel it a matter of positive duty most respectfully to ask that you should once again examine this question with a view to satisfying yourself that at no time in our history has there existed any such "plethora of paper money" as that of which you speak; and, that the supply of the medium of circulation is not only not in excess, but is, at this moment, so far below the real needs of our people that any attempt at further reduction must be attended with financial and political dangers of the most serious kind.

In another letter I propose to show what are the relations between "paper money" and societary force, and meanwhile remain, my dear sir, very respectfully and truly,

Yours,

H. C. CAREY.

PHILADELPHIA, February 5, 1866.

LETTER FIFTH.

DEAR SIR:—

OF all the phenomena of the physical world there is none so wonderful, none whose action is so entirely beyond the reach of observation, as is that of electricity. At times it makes its existence manifest, as when it performs the very trivial act of shattering a tree or destroying a life; but when engaged in the wonderful work of aiding in the production of universal vegetable and animal life, its operations are so entirely invisible to the eye that few among the thousand millions of the population of the earth could, even now, be induced to believe in its existence.

As it is with electricity in the physical world so is it with money in the social one, the vigor and importance of its operations being in the inverse ratio of the manifestations of its existence. At every purchase and every sale of the thousands of millions of sales and purchases made in the higher commercial ranks of a great city, *the money passes, yet is it never seen.* Passing downward we find, at each successive stage of the descent, the manifestations of its existence becoming more abundant, as the operations become more trivial, the *letter of credit* "greenback" here, and bank-note there, becoming more and more required in every exchange of labor or its products. Arriving at the lowest stages, we find ourselves among a people indisposed to use these latter for even the smallest sums, and greatly preferring the copper coin to the three or five cent note—*the diminutiveness of the exchange keeping steady pace with the constantly growing materiality of the instrument required for its performance.*

So precisely is it as we pass from our great and populous cities towards those regions of the West in which States are being formed whose total population scarcely exceeds that of single wards of Philadelphia or New York, the societary movement becoming at each and every step less and less rapid, and the necessity for a material representative of value more and more urgent, until at length we reach those regions in which, to the present hour, no bank has yet been tolerated—no "greenback" used for purposes of circulation—and perhaps no contract made that could be otherwise redeemed than by actual delivery of the precious metals. As a consequence of this it is, that while cheapening gold throughout the world, the price there paid for the use of machinery of circulation is higher than in any other community of the world claiming to rank as civilized. The societary movement of the distant West is therefore, in this respect, nearly on a par with that of the lowest and least productive portion of our city population, credit, circulation, and the substitution of mental for muscular power, travelling always hand in hand together, and thus producing increase of societary force.

The substitution of circulating notes for coin constitutes an important step in the progress of civilization; and yet, a further and more important one would still remain, to wit: that of so elevating the whole population of a country as to enable the little people, those who work, to do as do those great ones who profit of their labors, performing all their exchanges without the aid of any material representative of the money to be paid.* That, of course, could never be accomplished, and the idea is here suggested merely with a view to calling you attention to the fact, that it is *in that direction lies the road towards real civilization.* Sufficient

* In no part of the world is this so nearly accomplished as in New England. Nowhere does there exist in such perfection the machinery of circulation. Nowhere is it obtained at so small a cost.

will it be for us if we shall take the first great step by bringing up our whole people, the near and the distant, the inhabitants of Atlantic cities and western territories, to a full comprehension of the advantage to be derived from the steady and regular use of the *letter of credit* known to the world as the "greenback;" or that other one known as the national bank note. At times, the feeling of a necessity for this has produced an effort in that direction as when, in 1835, the paper circulation had reached $100,000,000; and again, in 1856, had attained to double that amount, to be, however, in both cases followed by collapse and ruin. Why was this? Because of an excess of circulating *notes?* Assuredly not, for, with a widely scattered population whose need for a tangible representative of money was then *thrice greater* than that of the European manufacturing nations, the amount in actual use was *not even one-third as great,* per head, as that we see to be required in both France and England. The real cause of the fearful changes to which you have referred is found in this, that, while requiring our people to regard the precious metals as the basis of all their contracts, we had overlooked the one great fact, that those metals travel always *from* semi-barbarous countries *to* those which are civilized; *from* those in which the rude products of the earth are cheap, *to* those in which they are dear; *from* those whose people, like our own, are employed in selling their soil in the forms of corn and cotton, *to* those which bring from abroad rude products and thus enable themselves to create a real agriculture; and *from* those in which labor is performed by the unassisted human arm, *to* those in which coal and iron ore are so utilized as to give to each and every individual the service of willing slaves who do the work, requiring in return neither meat nor drink, neither clothes nor shelter from the weather. *The raising of raw products for distant markets is the proper work of barbarous communities, and none such has ever yet, nor ever will, maintain a specie circulation.*

The collapses came in 1837 and 1857, and with what effect? Who were they that then most severely suffered? Was it not the people of the West, from whose midst the circulating note so wholly disappeared, driving them back to that barter system from which they but then had made an effort to escape? Who profited? Was it not the wealthy of our cities, in whose hands then centred nearly all the circulating medium of the country? Assuredly was it so, and thus were the rich of the East made richer while the poor of the West were made poorer than they had been before. With the opening of the rebellion there came, throughout almost the entire West, a third collapse, and with precisely the same results, ruin to the man who was in debt, and increase of wealth to the already wealthy owner of New York and Boston lots and houses.

Now again has there been made a great effort towards enabling our western friends to accomplish that great step on the road towards civilization which consists in substituting *letters of credit* for material money,

thereby imitating, in a very small degree, the mode of operation of the great men, and great centres of the world; the work this time having been undertaken by a corporation of whose solvency none could doubt, offering, as it did, a mortgage on the whole property of the Union as security for the performance of its engagements. With what effect on this occasion? With that of stimulating the societary action to a degree that in all the world had never before been known, and so stimulating production as to have enabled us not only to lend to the Government thousands of millions; not only to make to it *donations* of service and of commodities to an amount scarcely less than $200,000,000 a year; but simultaneously therewith to add to the wealth of the country to an extent that finds no parallel in the records of mankind.

Such a result, my dear sir, might have been expected to bring with it an almost universal conviction that we had at last *stumbled* upon the real road to progress; that in a great deficiency of the machinery of circulation had been found the essential cause of many of the most serious difficulties of the past; and, that it would be desirable to proceed onward in the same direction, stimulating production and gradually placing our people in a position to accumulate such a store of the precious metals as would enable each and every man to determine whether to content himself with individual promises such as, in the great marts of commerce, have now so entirely superseded the circulating note—to demand the note—or, still further, to insist upon the delivery of the coin itself. Such is the point at which we should desire to arrive—such the one at which we should arrive, could our people but be persuaded once to see that the substitution for coin of the circulating note is one of the evidences of advancing civilization; that its convertibility into coin is dependent on the maintenance of a system that shall cause the inward current of the precious metals to exceed the outward one; and, that to attempt resumption in face of a system that not only makes demand for all the produce of California mines, but year after year adds hundreds of millions to our foreign debt, is a course of action that must result in financial revulsion, to be followed by political revolution the most complete.

Journalists, however, my dear sir, tell us that circulating notes cause speculation; that speculation causes men to travel about when they should be in the field or workshop; that if we would stop this "speculation" we must rid ourselves of the "plethora of paper money" under which we are supposed to suffer; and, that the way towards financial and political salvation is to be found in sending abroad bonds with which to purchase such supplies of the precious metals as will enable each and every man to determine for himself the sort of money in which he will be paid.

What, however, is this "speculation" that is the cause of so much evil? The lad going forth from school "speculates" with himself whether it will be best for him to become a farmer or a trader. Arrived at man's

estate, he "speculates" as to whether he can be best employed in mining coal, making cloth, smelting iron ore, sinking shafts, building mills, erecting furnaces, making roads, or buying treasury bonds. These things he does only after carefully "speculating" as to the direction in which he is to look for the largest return to his labor or his capital, or both. He is *speculating for a rise*, as is every employer of capital, every really useful man amongst us. He desires that money may be abundant, and that the charge for its use may be small. With *that class* of speculators—farmers, laborers, mechanics, manufacturers, road makers, and others—the National treasury has been allied throughout the past few years, and from that alliance has come the power successfully to prosecute the great war that has just now closed. To those "speculators" stand we now indebted for the facts, that our railroad facilities are twice greater than they were five years since; that our furnaces are capable of producing more than 1,200,000 tons of iron, and our rolling mills annually 750,000 tons of bars; that houses have grown in number in full accordance with the growth of population; that oil wells have been developed capable of supplying the home demand and giving us annually 30,000,000 of gallons for export; that the supply of food has grown from less than a thousand millions of bushels, to more than twelve hundred millions; that the supply of wool has grown to more than a hundred millions, woollen mills having meanwhile grown to such extent as still to need from abroad large supplies; and, that in almost every department of manufacture we have made in the midst of an expensive war, a progress such as is without a parallel in the whole history of the world. Such having been the works of *speculators for a rise*, is it, my dear sir, possible to feel surprised that the alliance between them and the treasury which subsisted throughout the whole period of Mr. Lincoln's administration, should have proved to the latter so highly advantageous?

There is, however, another class of men, who, while building no houses, making no roads, opening no mines, erecting no furnaces, stand always ready to purchase them at the sheriff's hands. These men, being *speculators for a fall*, desire that money may be scarce and interest high; and with them it is that the Treasury, wholly unintentionally on your part as I am very certain, is now allied. With them, too, if we may judge from the bill that is now before the House, it seeks to form a still more close alliance. It is, however, the alliance with sin and death, and can lead to no result other than that of financial and political ruin. Worse than to Hercules was the poisoned shirt of Nessus has at all times proved the contact with such men. Worse than in any other nation it has ever been, must it prove with us.

The consequences of this alliance exhibit themselves in the facts that while, on unquestionable security, money abounds and is very cheap in Wall Street, it is very dear to all who seek to use it in any manner likely

to increase production. Railroad stocks and bonds are cheap. City bonds, paying six per cent. interest, sell at 90 per cent. Cities pray to be permitted to pay 7 per cent. Treasury bonds, paying in gold 6 per cent., command in market less than par. Scarcity of money presses into market the seven-thirties, men who helped the government in the day of its need now finding themselves compelled to sell at heavy loss, thereby aiding in building up the fortunes of those who throughout the war have "speculated" for a fall, and have witnessed with regret the triumph of loyalty over treason that has been secured. Step by step, with every movement in this direction, the societary movement becomes more sluggish, with steady increase in the number of men who seek employment and cannot find it.

Simultaneously with decline here in the demand for labor comes advice from Illinois, that so low has fallen the price of food that farmers are "holding indignation meetings," at one, at least, of which, it has been proposed to plant in the coming season but half the land that had been planted in the years that have lately passed. Paralysis of the farm goes thus hand in hand with that of the workshop, and must result in paralysis of the party that has so successfully made the war, and that now requires of us that we should do that which no other nation ever yet has done, to wit: maintain a specie circulation while exporting little or nothing beyond the rudest products of agricultural and mining labor.

Cheap money—low interest—enabled our working men to prosper, built up that party, carried us through the war, and gave us our present position before the world. That dear money—high rates of interest—will swamp both the party and the country, is the firm conviction of, my dear sir,

Yours very respectfully,

HENRY C. CAREY.

PHILADELPHIA, February 5, 1866.

LETTER SIXTH.

DEAR SIR:—

The farmer—having throughout the war given his own services, thereto adding perhaps the life or lives of his son or his sons, to his country's cause—finds, now that victory has been achieved, that he is compelled to accept for his oats 8 cents, and for his wheat 40 cents, while corn so much abounds that burning it has become more advantageous than carrying it to market. Seeking the cause of this, he turns to journals eminent for their Republicanism, there to find that there exists a "plethora of paper-money;" that the prices of food are too high to permit

that it should go abroad in search of gold by help of which to achieve resumption; that he and his neighbors have become "speculators;" and that the way to salvation for the country lies through such a war upon this "paper-money" as will have the effect of compelling his neighbors and himself to sell their food and their wool at prices to be fixed by other "speculators" in Chicago or Cincinnati, representatives of great capitalists of New York or Liverpool who have not only withheld from the government all aid, but have given their best efforts for accomplishing the dissolution of that Union in whose behalf he has made such heavy contributions. Severely feeling the effect of this, he applies to the Republican editor for a corresponding reduction in the price of his journal, receiving for answer the assurance that paper, wages, taxes, and rents remain so very high, that war prices must continue to be maintained. Asking next for a reduction of his taxes, he learns that the public debt is large; that the interest is great; that the people who have *lent* greenbacks when gold was at two and a half for one are anxious for such a fall of prices as may enable them to double their consumption of food and clothing; that the public debt must be diminished; and that, for all these reasons, the full war rate of taxation must not only be maintained, but may be much increased.—Unable to sell his corn, he seeks to convert into money the certificate he holds as representative of little savings placed in the public funds at a time when necessity compelled the Treasury to court the aid of little people like himself, but finds that he can do so only at a loss of two, three, or even five per cent. Failing here, he seeks to borrow the trifle that he needs, but receives for answer that, money having become so scarce as to have raised the Chicago rate of interest to two per cent. per month, it is no longer to be lent in the country at any price.—Seeking to buy a shirt, he finds that prices have but slightly fallen. Inquiring the cause of this, he learns that cotton manufacturers are making profits that are almost fabulous. Why, then, he inquires, do they not increase the number of their mills? To this he receives for answer, that the men of enterprise throughout the country have had positive Republican assurance that the "plethora of paper-money" shall be brought to an end; that the price of food shall be made to fall; that labor shall once again be cheap; and that, under such circumstances, none dare now to risk the building of either mills or furnaces.

The laborer, too, finds that since the day on which he volunteered his services for the war great changes have been brought about. Then, there were two men ready to purchase service where there was but a single one seeking to sell it. Now, however, all has changed, the sellers having become more numerous than the buyers. His wages having fallen, he seeks reduction of his rent, instead of which he receives notice that it has been advanced. Inquiring the cause of this, he learns that there has been, and is, a "plethora of paper-money;" that food and wages have

been too high; that contraction is the order of the day, and that prices must be reduced; and that, until they shall have been so reduced, none can risk their means in building either houses, mills, or furnaces. "Speculators," as he is assured, have already built more furnaces and rolling-mills than are now required. "Speculators" have brought into cultivation so much land, that corn can no longer find a market. "Speculators" have sunk so many wells, that the price of oil has greatly fallen. "Speculators" have made so many roads, that railroad stocks have become mere drugs in the market. "Speculators" have taken so many treasury bonds, that they can no longer hold them. "Speculators" for a rise—working-men—men who *employ* money—those who have carried the country through the war—have been becoming too independent. The time, as he learns, has now arrived for those who "speculate" for a fall—for those who have money to lend—those who have *not* helped the government in its time of need—those who are to reap the harvest when the "plethora of paper-money" shall have ceased to exist, and when we shall have returned to those "good old times" of the Buchanan administration, throughout the whole course of which the Treasury could never have commanded the use of a single hundred millions at any reasonable rate of interest.

At all this the wealthy capitalist rejoices, receiving ten or twelve per cent. where before he had only five or six, and buying at heavy discounts the bonds of those who had helped the government when its existence had been most endangered.

The wealthy manufacturer goes on his way rejoicing in the idea that the danger of increased domestic competition has passed away.

The receiver of fixed income rejoices in the idea that decline in the price of gold now enables him to live abroad and profit by the lower rents and lower prices of continental Europe.

The British manufacturer rejoices in the knowledge that he is from day to day becoming more and more "master of the situation," and more and more enabled to dictate the prices at which he will buy, and those at which he will sell.*

The Copperhead, knowing well that to an activity of circulation without parallel in the history of mankind the government has been indebted for power to make the war, now rejoices in the gradual spread of a *paralysis* that in every stage of its progress is more and more preparing tax-payers to seek a change of rulers.

Throughout the war, as has been shown, the National Treasury had for

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* "We know of manufacturers in the linen trade who have been making as much as £1,000 per day in goods chiefly for the American market, and such was the demand for their goods that they were masters of the situation, and in the matter of terms they naturally dictated their own."—*Sheffield Iris*, Jan. 12, 1866.

its allies the men who worked—*those who sought to rise*—those to whom it was desirable that money should be cheap; and to that alliance have we been indebted for all our past success. Now, the alliance is with those who do not work—those who, *having risen*, have money to lend—those who desire that food and labor may be cheap, and money dear. To the former we have stood indebted for power successfully to make a war unparalleled in its demands for blood and treasure, and for the existence of a faith in our future such as had never before been witnessed in any country of the world. To the latter stand we now indebted for the facts that faith in the future is gradually passing away; that the burthen of taxation is becoming more and more severe; and that preparation is now being daily made for a financial and political revolution that must result in causing us to forfeit all the advantages that, in the brief period of Mr. Lincoln's administration and at the cost of so many thousand millions, had been acquired.

Believing that careful examination must result in satisfying you that without a change of system the hopes of those who have opposed the government, and the worst fears of those who have throughout sustained it, must all be fully realized, I remain, my dear sir, with great regard,

Yours, very truly,

HENRY C. CAREY.

PHILADELPHIA, Feb. 8, 1866.

LETTER SEVENTH.

DEAR SIR:—

ON a former occasion it was shown that the *tangible* machinery of exchange of France was in the ratio of $30 per head, and that of Great Britain in that of $25; whereas with us it now stood at not over half of this latter quantity. When, however, we come to compare it with the surface over which such machinery is needed to be used, we find, as I propose here to show, differences so exceedingly great as fully to warrant the assertion heretofore made, that no people other than our own could, by any possibility, have effected so large an amount of exchanges while having been allowed the use of so really trivial a quantity of the machinery by aid of which alone they could be made.

Thirty years since the circulation of France, then altogether specie, was estimated at more than $600,000,000, or three thousand dollars per square mile. It now exceeds $1,000,000,000, or more than *five thousand dollars per mile.* At the first of these dates, her annual exports scarcely exceeded $100,000,000, or three dollars per head; but they since have nearly trebled.

In the same time the machinery of circulation of Great Britain has been so much improved that the necessity for the use of coin, or of any other *tangible* evidence of the existence of the power of purchase, has much diminished; and yet, with every step in that direction there has been an increase of the quantity thereof in daily use. At the present moment it bears to the surface over which it needs to be used nearly the same relations as does that of France, being certainly not less, and probably greatly more, than *five thousand dollars per square mile;** each successive stage of the increase therein having been accompanied by a growth of foreign commerce fully corresponding with that observed in France.

Such being the facts, to what extent do they correspond with the teachings of the learned men who, following blindly in the steps of Hume, so confidently assure us that every increase in the quantity of money used tends to render a country worse as one in which to buy, though better as one in which to sell? Do they not, on the contrary, prove directly the reverse of this? Do they not show clearly that every increase of power to command the use of machinery of circulation is attended with improvement in the condition of a country, *both as sellers and as buyers?* That such is the case can no more be questioned than can the existence of the facts, that light invariably follows the rising of the sun and absence of light his disappearance. Nevertheless, all our practice, as it is proposed now to show, has been in direct accordance with the teachings of learned Thebans who have thus far failed, and yet do fail, to recognize the existence of the great principle, that *the power of accumulation exists in the ratio of the rapidity of circulation.*

Looking now homeward we find that thirty years since, say in 1835–6, the quantity of circulating notes here in use did not exceed, and was probably considerably short of, $120,000,000. Adding to this the little specie then in use, we obtain an amount that certainly could not have much exceeded $170,000,000. The surface then wholly, or partially, occupied, was about 500,000 square miles, and the total circulation must have averaged about *three hundred dollars per mile*, or *one-seventeenth of that now used in France and England.* Shortly before, by aid of a *National* free trade tariff, our public debt had been extinguished, but at that date the effect of a *British* free trade policy had commenced to exhibit itself in the cessation of all disposition to build mills, all effort at development of our mineral resources; and, in the purchase abroad, on credit, of the cloth and iron that should have been made among ourselves. One year later, our foreign credit having become exhausted, there arose a demand so great for the precious metals to go abroad, that banks were compelled so far to curtail their loans that, to avoid the production of an universal

* A recent writer states the amount of the precious metals in actual use, and exclusive of that in the bank vaults, at $400,000,000. This would give a total circulation, per square mile, of more than $6,000.

bankruptcy, they themselves at length suspended payment. For all this, as we then were told by Mr. Van Buren, had we been indebted to a "plethora of paper money;" whereas, we now most clearly see, that in *actual amount* it had been less than is at this moment the "paper money" of France, in which a note is rarely seen. Some years later, the precious metals having wholly disappeared, the total circulation of the country was but $60,000,000, the equivalent of three dollars and a half per head, or *one hundred and twenty dollars per square mile* of settled territory. As a consequence of this, the societary circulation had almost ceased, the laborer having been unable to find a market for his labor; the planter and the farmer having been compelled to sell their products at prices lower than had ever before been known; and the general rate of interest having meanwhile attained a point that till then had been almost unexampled. The sheriff expelled the landholder, and an outraged people followed suit by expelling that one of their Presidents who stands now in history as the man by whose advice had been commenced, and by whom had been carried out, the first of our crusades against "paper money;" that executive magistrate who bequeathed to his successor such a condition of the national treasury as made it necessary to send to Europe agents empowered to borrow money, not even a single dollar of which could be then obtained.

Twenty years later, in 1856, the surface occupied having then been nearly trebled, the quantity of circulating notes in use amounted to $200,000,000. California had, meantime, given us hundreds of millions of gold, nearly the whole of which had gone to Europe to pay for cloth and iron that should have been made at home. Some little had, however, here remained, and adding now that little to the circulating notes, we obtain a total of probably $300,000,000, the equivalent of $10 per head, or *two hundred dollars per square mile*. The $200,000,000 of foreign debt of Mr. Van Buren's day had meanwhile grown to $500,000,000, as a necessary consequence of which our credit had become again exhausted. Banks then again stopped payment, and then again were we told that to a "plethora of paper money" had been all our troubles due. Now again did the internal commerce perish, the laborer finding himself unable to sell his labor, or to purchase food and clothing. Now again did the price of money rise to such a height as had scarcely before been known. Now again did the sheriff everywhere expel the farmers and the landholders. Now again, too, did the people expel a President who stands in history as the man who had aided and abetted Mr. Van Buren throughout his crusade against the democratic "paper money;" the one who, notwithstanding all the vast treasures that by California had been supplied, bequeathed to his successor a National Treasury without a dollar, and a public credit so impaired that on a mortgage of the whole property of the Union but the most trivial sums could, by any effort, be obtained; and

those too at a rate of interest so high as to be worthy of the weakest and most contemptible countries of Europe, and of them alone.

Three years later, at the close of 1863, the circulation had risen to more than $600,000,000, the surface over which it was needed to be used having, because of secession, meantime declined to less than half. To the population of the loyal States it stood in the ratio of about $30 per head; but to surface it was only *six hundred per mile.* As regarded the former it had risen nearly to a level with that of France and Britain; but as to the latter, it yet stood, as compared with them, in the relation of but *one to eight.* The increase, as compared with 1835, had scarcely been greater than that of France and not a third as great when considered with reference to the growth of population; yet had it so stimulated the societary circulation as to enable us not only to furnish to the government, as loans or revenue, nearly a thousand millions a year; but also to make to it *donations* to an extent that had never before in all the world been known—wealth and power meantime growing among our people with a rapidity so great as not only to have astonished ourselves, but also amazed the world.

With the close of another year we arrive at the last session of Congress to find that body much embarrassed by the questions—*First,* as to how, with an empty treasury, to pay the hundreds of millions then required for discharge of its contracts with soldiers in the field, and with contractors at home who had supplied the food, the clothes, and the transportation that had so much been needed; and *second,* how to guard our people against the dangers to which the internal commerce might find itself exposed on a sudden change from war to peace. Taxes on that commerce had been so heaped up that, in many cases, the foreign manufacturer had been placed almost exactly on a footing with the domestic one; while in very many of them almost the only protection left consisted in the fact, that internal duties were payable in paper, while for those on imports gold was still required. Two causes for embarrassment being thus presented for consideration, it was needed that they should be so disposed of as carefully to protect both the people and the government throughout the long period that must intervene before Congress should be again assembled. In what manner was this done? Let us see.

The claimants on the Treasury did not demand payment. All they asked was, that Congress should authorize the Secretary to give to each and every of them promissory notes, payable at its own pleasure, and bearing no interest; but of such a character as would facilitate their use for the support of families, and for the payment of debts. This *they had a right to demand,* and no honest man in private life could have ventured to refuse it. Congress, however, did refuse to grant the modest application, and for the reason that it feared that such a course of action might have the effect of raising the price of gold, that rise to be, perhaps, followed

by a general rise of other articles. Had it, however, studied the facts given by me in a former letter, it must have seen that there had really been very little change in the prices of our products other than that which it had been the object of the tariff of 1861 to produce, as a consequence of the creation of a great domestic market. Labor had been in great demand, and the laborer fully paid. All had had it in their power largely to consume, and the farmer profited of the liberal demands of the artisan, the loyal party of the north meanwhile profiting of the farmer's votes, and the country of the inducements thereby offered to immigration. Failing to see these things, and failing, too, to see that "honesty" was always "the best policy," Congress adjourned, leaving soldiers and their families, contractors and their creditors, to wait the slow process of borrowing money at high rates of interest; when, with a word, their demands could have been so discharged as greatly to have stimulated our internal commerce, while enabling the Treasury readily, and at low rates of interest, to obtain the balance. The erroneous and dishonest course of action then adopted now costs the country more than $20,000,000 in annual interest, its effect meanwhile having been that of causing a waste of productive power greatly larger than our present enormous revenue. Thus have the people been doubly taxed, with corresponding diminution in their power to aid the government; and *therefore it is that the Treasury finds itself now reduced to look to foreign bankers for the help so greatly needed.* Of all the financial blunders ever made it stands now forth as one of the worst. Why it should have been made was that Congress then had, as few of our people have even now, no proper appreciation of the fact, that *of all the commercial nations of the world our own is the one that is worst supplied with the machinery of circulation—that machinery for the use of which men are accustomed to pay interest.*

From that time to the present, the whole tendency of the national action has been in the direction of lessening the supply of that machinery and increasing the price paid for its use, the result now exhibiting itself in the facts, that while in the intervening period we have increased by one-half the number of people who need its services; while we have more than doubled the surface over which it must be used; while throughout the additional surface there is a total absence of such machinery; we have by a full third reduced the quantity in use; the present actual amount being but $460,000,000, the equivalent of $12 50 per head of the population, and of less than $300 per mile of wholly or partially occupied surface, the proportions being thus less than half of those above exhibited as having existed in the prosperous days of the close of 1863.

How this is now affecting our internal trade is shown in the following figures exhibiting the receipts of free State produce at New York in the month of January for this and the two past years:—

	1864.	1865.	1866
Ashes, bbls.	1,399	937	540
Wheat flour, bbls.	315,906	173,451	100,564
Corn meal, bbls.	35,699	42,405	26,954
Wheat, bush.	10,507	5,819	28,137
Rye, "	5,657	2,382	2,405
Oats, "	284,726	219,469	159,414
Barley, "	63,603	29,751	35,532
Peas, "	687	5,131	2,585
Corn, "	160,039	142,680	178,651
Pork, pkgs.	45,826	36,326	17,311
Beef, "	28,384	25,939	3,261
Cut meats, pkgs.	40,966	18,024	4,245
Butter, pkgs.	40,028	67,828	42,413
Cheese, "	15,096	25,018	6,300
Lard, tcs. and bbls.	10,658	14,872	10,167
Lard, kegs	1,683	94	2,031
Whiskey, bbls.	36,802	6,199	7,383
Petroleum, galls.	55,452	41,694	98,062

The above is copied from a journal whose editors have, of all, been most urgent that the "greenback" circulation should be withdrawn with a view to reduction of prices and extension of our power to supply with rude produce the distant markets of the world—"thorough taxation" being meantime maintained with a view to extinguishment of the public debt, and thereby "killing the goose" in the vain hope of "finding the golden egg." How far the foreign commerce of the port profits by this course of action is shown by the following comparison of the monthly exports taken from its columns:—

	1864.	1865.	1866.
Ashes—Pots, bbls.	478	516	502
Ashes—Pearls, bbls.	21	58	10
Beeswax, lb.	38,381	32,549	38,001
Wheat flour, bbls.	166,768	126,906	117,318
Rye flour, "	409	. . .	120
Corn meal, "	12,987	14,366	7,235
Wheat, bush.	1,282,313	43,834	58,226
Rye, "	105	141	25,427
Oats, "	1,353	7,560	18,733
Peas, "	37,831	6,047	7,761
Corn, "	10,999	30,835	551,320
Candles, bxs.	10,577	16,403	6,527
Coal, tons	1,313	3,071	455
Hay, bales	1,886	4,479	6,088
Hops, "	3,929	3,844	107
Lard, galls.	10,509	2,947	2,182
Linseed, galls.	1,564	2,578	466
Pork, bbls.	14,876	12,222	8,396
Beef, "	2,679	4,776	1,991
Beef, tcs.	12,844	7,217	4,673
Cut meats, lb.	15,745,514	4,354,303	2,193,678
Butter, lb.	3,317,125	2,166,137	239,837
Cheese, "	2,743,334	4,834,989	1,538,742
Lard, "	3,265,832	2,954,660	2,423,345
Tallow, lb.	4,193,548	3,674,420	1,285,170
Petroleum, galls.	1,321,517	630,031	3,086,194

The more abundant the machinery of transport the greater will be the quantity of goods transported, and the less the charge for transportation

to the great advantage of producer and consumer, and to the great benefit of the governing power. The more perfect the supply of the machinery of exchange the more prompt and numerous will the exchanges be, and the lower the rate of interest, to the great advantage of both public and private revenues. At the present moment this latter is greatly short, and hence the existence of a *paralysis* by means of which we are, as it is asserted, to reach *resumption*. To me, however, it appears to be the road by which most speedily to attain the point of a disgraceful and wholly unnecessary *repudiation*.

Believing that careful study of the facts must result in satisfying you of the accuracy of the views thus presented, I am, my dear sir, with great respect and regard,

Yours truly,

H. C. CAREY.

PHILADELPHIA, February 10, 1866.

CONCLUSION.

DEAR SIR:—

Influential Republican journals, by many supposed to represent the views of the Administration, are proving daily to the men of intelligence and enterprise—those "speculators" who have created the mills, furnaces, and mines to which we have stood indebted for power to make the war—that not only must they no longer rely upon the co-operation of the national authorities, but that they may count securely upon their opposition or oppression.

Appealing constantly to the ignorance, but never to the intelligence, of their readers, they denounce such men as belonging to a class whose ruin should afford just cause of triumph to all who in the past few years have sought to aid their country's cause.

Crippling those who had commenced the creation of new mills and furnaces, they have already closed many of those that had been throughout the war at work, and are now most effectually preventing the undertaking of any new enterprises tending towards development of our mineral wealth, or towards increase of our industrial forces.

Therefore is it:

That we are largely and rapidly diminishing the demand for human service, and lessening the power of the laborer, the mechanic, and the miner to claim reward for labor; this too being done at the very time when thousands and tens of thousands of able-bodied men have been, and are being discharged from the public service; the very time, too, when

active and earnest men are engaged in an effort to draw from Europe the supplies of men required for enabling us to develop our vast resources:

That we are lessening the demand upon the farmer for the fruits of the earth, and compelling him to increased dependence on foreign markets:

That there is a decline in the power of our people to maintain with Britain that competition for the production and sale of cloth and iron to which alone can we look for such reduction of their prices as may compensate the farmer for the burthens of the war:

That, while reducing the prices of food and labor, we are largely and rapidly raising the general rate of interest, thereby enabling those who *do not* work to profit at the cost of those who *do:*

That we are making taxation more and more burthensome while lowering the rate of exchange to the great advantage of those who prefer to expend their incomes abroad rather than do the same at home:

That we are thus daily making it more impossible that our mills and furnaces should supply the domestic market; that those who "live at ease" should apply their means to the advantage of those who labor; that ships should be built to enter into competition with those of Europe; that we should in time of peace extend, or even maintain, that independence to which we have been indebted for recent success in war.

As consequences of all this, we are—

Supporting abroad, at an estimated annual cost of $100,000,000, a hundred thousand of our people engaged in consuming foreign food and paying for foreign labor:

Enabling foreigners to deluge our markets with cloth and iron in the production of which have been consumed hundreds of millions of bushels of foreign food:

Maintaining those foreigners in a monopoly of the carrying trade between this and Europe, and thus compelling our own people to the exclusive use of ships that represent both foreign labor and foreign food:

Increasing in every manner that can be devised the demand for the capital and the skill of Europe while destroying demand for the wonderful mechanical skill of people at home:

Raising the prices of all the things we need to buy, money included, while lowering those of all that we need to sell, stocks and bonds not excepted:

Buying now, annually, to the extent of hundreds of millions of dollars more than we have, or are like to have, to sell:

Exporting every ounce of gold yielded by California:

Increasing daily the necessity for going abroad to beg for loans, and thus adding to a foreign debt that now already exceeds a thousand millions of dollars:

Selling abroad at little more than half price bonds that must, at full prices, be redeemed in gold:

Paying thereon, on the security of the whole property of the Union, a rate of interest unknown to any really civilized people of the world; and more than thrice the rate at this instant paid by that British government with whom we should be now contending for control of the commerce of the world:

Compounding interest by borrowing the money with which to pay it, and thereby doubling its amount in less than half a dozen years.

Such being our present course of operation, it may be not improper here to ask the questions: "Why it is that such things should now be done?" Why is it that we have so entirely abandoned the policy that carried us so triumphantly through the war? Seeking a reply thereto, we find it in the fact, that our eyes are closed to the existence of a very simple principle whose perfect truth has recently been so fully demonstrated as to make it absolutely marvellous that it should now be doubted—that principle being embraced in the following words: to wit, THE POWER OF ACCUMULATION EXISTS IN THE RATIO OF THE RAPIDITY OF THE SOCIETARY CIRCULATION.

Throughout the war that circulation steadily increased in its rapidity, and for the reason that a really *national free trade policy* created demand for labor and its products, a really *national system of circulation* meantime giving to the internal commerce facilities of exchange such as it never before had known. Since the peace, however, we have been travelling backward, and undoing all that had so well been done—piling up taxes on one hand, while, on the other, not only refusing to our people the power to create for themselves machinery of circulation, but actually *frightening home* that which previously had been furnished; doing this, too, to such extent that *the quantity now in use bears to the exchanges needed to be performed a proportion that, with the exception of the closing years of our most calamitous British free trade periods, is less than has ever yet been known.*

The periods thus referred to are the following:—

I. That one which followed the conclusion, in 1815, of *political peace* with Britain, to be followed by that *industrial war* which was proclaimed by Messrs. Brougham, Hume, and other British *liberals*, when they announced in Parliament their determination to "strangle in the cradle" the then growing manufactures of America and of Europe; that one in which British hostility to American industry produced a general paralysis like to that which is now again so rapidly approaching, and thus enabled General Jackson, by aid of his admirable letter to Dr. Coleman, to reach the presidential chair:

II. That one in which bankruptcy of the treasury and general ruin of our working men paved the way for expulsion of Mr. Van Buren from the chair of state:

III. That one in which public and private bankruptcy, civil war, and

almost universal ruin, were exhibited to the world as the bequest of Mr. Buchanan, on his retirement from public life, to the people to whom he had stood so much indebted.

From all this we speedily recovered, doing so by aid of a *national* free trade tariff, and a *national* medium of circulation. *To* all of it we are now returning, having, by means of internal taxes, almost re-enacted the *British* free trade tariff, and being now engaged in frightening out of use even the existing circulation. Let us so continue, and we shall soon be called to witness a political revolution quite as thorough as were those which drove to private life the two of our public men who, of all others, had placed themselves most fully on record as opposed to progress in the direction of that substitution for coin of the circulating note by means of which the farmer, the laborer, and the mechanic are brought more nearly on a level with the great men who live at their expense—those who build palaces by aid of the performance of exchanges to the extent of thousands of millions without the use of a dollar of coin, and almost without being required to use a single note.

For all this the remedy, my dear sir, is clearly indicated by your present action in reference to the fractional currency, of which, as we are informed, nearly half a million per week has recently been sent to the Southern States. The people of those States needing such notes they are at once supplied. Why, however, should they be denied the use of notes of larger size, say of one, two, five, ten, or twenty dollars? Why, even, deny them those of a hundred or a thousand dollars? Why compel them, when selling bales of cotton, to accept payment in notes of less than a single dollar? Why not at once furnish them with facilities of exchange by means of which they may be enabled promptly to discharge each and every engagement they need to make? Why not do the same with the people of the West, thereby enabling the farmer to extend, instead of, as now, diminishing his cultivation? Why not place it in the power of our whole people to do as they did two years since, deal for cash with one another? The simple question that, so far as this question of credit is concerned, is now to be settled, is, whether throughout the whole country our people shall be buying and selling on credit, the poor man everywhere paying to the rich the ten, twenty, or even thirty per cent. demanded for the use of money; or, whether the treasury shall make itself the general debtor to such extent as may enable all to deal for cash, thereby placing the poor man more nearly on a level with the rich one. Adopting this latter course the treasury will give us once again those facilities of exchange to which we have stood indebted for that wonderful rapidity of circulation by means of which labor and capital were so much economized as to have enabled us to *donate* to the treasury hundreds of millions, while *lending* it thousands of millions. Adopting the former, we shall rapidly return to the position in which, by reason of sluggishness of the

circulation, labor and capital were *annually* wasted to an extent greater than the whole cost of four years of the most expensive war the world has ever seen. By means of the one, we shall so deepen the water as to enable the treasury ship to float securely, while advancing steadily in the direction of *resumption;* whereas, by adopting the other, the water must from day to day be made more shallow, until at last there will remain to us, as our only port, that of *repudiation.*

That we may hereafter move in the one here first indicated, all that is needed is that the treasury shall make itself once again "master of the situation," controlling banks and brokers—excellent servants, but the worst of masters—instead of being controlled by them. To that end, let it give full consideration to the great fact, that, notwithstanding the density of population and consequent diminution of necessity for the use of any tangible machinery of exchange, *the coin alone* in actual use, in Great Britain, *is nearly equal in amount to the total quantity of that machinery here allowed for a population greatly larger, and scattered over almost a continent.* Let it remark the fact that, trivial as our allowance now is, the public mind is kept in a state of continual alarm by means of threats of measures of contraction. Let it reflect, that the more perfect the supply of that machinery by means of which alone exchanges are made *from hand to hand,* the more rapid must be the increase in the quantity of that required for making exchanges from place to place. Let it see that the injurious effect of deficiency in the supply thereof increases geometrically as distance from the great centres of commerce increases arithmetically, with constant tendency towards production, throughout the South and West, of that irritation which, if permitted once again to grow as it has in time past done, must result in final dissolution of our Union. Let it see, that in supplying that machinery it is therefore doing what is most required for producing harmony throughout the Union, while diminishing the taxation required for payment of interest on the public debt. Let it then grant to the men of the South, as regards exercise of the power to create banks, and to supply themselves with machinery of exchange, the same freedom that has been already granted to the loyal people of the North. Let it see that with the reincorporation of the South, and consequent extension of the field of commerce, there has arisen a necessity for exchanges greatly more numerous than were required to be performed when, two years since, there was found employment for a circulation greater by almost one-half, than that which now exists. Finally, let it see that the time has come for granting to our people facilities of exchange equal, at least, to those required during the war; and, that by so doing it will at once, and forever, bring to a close the practice of *shinning it* from day to day by aid of those "temporary loans" and "certificates of indebtedness" by means of which banks and brokers, at the cost of public creditors, are enabled to make enormous profits, the treasury mean-

while paying for the privilege of thus postponing payment of its debts, to the extent of little less than a dozen millions per annum.

Let these things be done, and then will there at once reappear that *faith in our future* by means of which we had been enabled to make our way through the wonderful war that has just now closed. Let them be done, and activity and energy will at once replace the paralysis that now so much exists. Let them be done, and there will no longer be *a daily waste of capital and labor greater in amount than the total public revenue.* Let them be done, and at once our people will recommence the building of houses, mills, and furnaces, thereby making demand for the services of the laborer and the products of the farm. Let them be done, and the public revenue will so much increase as to enable you to dispense at once with all those taxes which now so much impede our internal commerce. Let them be done, and the world will soon cease to witness the extraordinary spectacle of a country flaunting the Monroe Doctrine in the eyes of foreign sovereigns, its people meantime besieging every little banking house in Europe, seeking thence to draw some small supply of the "sinews of war." Let them be done, and we shall at once re-enter upon competition with Britain for control of the commerce of the world. Let them be done, and great prosperity will enable our people to more and more retain the produce of California mines; and thus, with profit to all and injury to none, gradually to prepare for that resumption which both you and I so much desire to see achieved. Let them be done, and we shall not only cease, by the export of bonds, to increase our dependence on Europe, but shall gradually buy back those now held abroad, and thus increase our independence. Let them be done, and the great republican party will continue to control the movements of the great Ship of State. Let them be done, and the East and the West, the North and the South, will become from day to day more thoroughly knit together, the Union thenceforward marching steadily forward towards the occupation of that position which its wonderful natural resources, and the extraordinary intelligence of its people so well entitle it to claim, to wit, that of leader of the civilization, and controller of the commerce of the world.

Let them be *not* done and paralysis, to be followed by financial ruin, must pave the way for the destruction of that great party which has carried us through the war, but which, by reason of *deficiency of courage*, has thus far failed to give to the country that prosperity in peace for which it so well had fought, and had so largely paid. Let them be *not* done, and there will be growing discord, ending in final dissolution of that glorious Union in whose behalf so many have fought, bled, and suffered. Let them be *not* done, and the public debt of the Union will, in the estimation of the world, and that at no very distant period, stand side by side with that of the Confederate States.

The question, my dear sir, now before you for determination is, in my belief, the most momentous one ever yet submitted to the decision of a single individual. We have just now closed a little internal difficulty, leaving yet for settlement the one great question as to whether the world is, in all the future, to be subjected to that *British* and *anti-national* system which has for its especial object that of enabling bankers and brokers to enslave the farmers and laborers of the outside world; or, whether the Union shall now place itself in the lead of the now agricultural nations for resistance to that system, and for relief of the agriculturists of the world from the oppressions under which they so long have suffered. Contraction, by means of which the price of money is being so rapidly carried up, looks in the first of these directions and must result in giving the victory to England. Expansion, by means of which there shall be re-established the alliance between the treasury and the employers of money—farmers, laborers, artisans, and "speculators"—looks in the second, and will give the victory to us—health, wealth, strength, and the power of accumulation growing always with growth in the rapidity of the societary circulation.

It may, however, be said that gold will rise in price. That for a brief period it must do so is very certain. So soon, however, as that rise shall have produced the effect of lessening the importations by which we now are being inundated, and so soon as we shall have established a small counter-current of bonds, it will fall again—that fall continuing until we shall have placed ourselves in a position to retain at home the produce of California, thereby enabling ourselves quietly and profitably to resume the use of the precious metals.

Begging you now, my dear sir, to excuse my repeated trespasses on your attention, and earnestly hoping that you may be guided to a right decision, I remain, with sincere regard and respect,

Yours very truly,

HENRY C. CAREY.

PHILADELPHIA, February 17, 1866.

POSTSCRIPT.

Dear Sir:—

In one of the journals of the day I find an article on the subject of prices that seems to me worthy of being made the subject of a postscript to the letters with whose perusal I have already troubled you. It is as follows:—

"The advance in house rents and in the price of stores and business places in the large cities, is attracting general attention. At New York the rents paid, and the prices at which favorable locations find purchasers, are subjects of almost daily newspaper comment. The same disposition to run into high figures is observable here and in all cities, and carries with it, to the observant mind, wholesome admonition of the end to which it points. At New York, in some fashionable quarters, the proposed rise in rents for first-class dwellings is, in many cases, from fifty to seventy-five per cent., houses on the Fifth Avenue renting as high as $12,000 a year, while in other localities dwellings which last year rented for $3,000 are now let for $4,000. The rents of stores are correspondingly increased. A store in Broadway, 150 by 25 feet (four stories high), was rented last spring for $40,000 a year. Previously for five years the annual rental was but $13,000. The lease of a corner store, for $12,000, expires next spring, and the owner has fixed on $42,000 a year for the future. The half of a fourth floor, 25 by 100 feet, was rented a few days ago for the sum of $3,000. A corner basement on Broadway rents for $7,000 a year. The *Journal of Commerce* mentions the following case, illustrative of the same extravagant tendency of prices:—

"'A dry goods firm have rented a store for the current year at $15,000. The owner called on them a few weeks since to ask their intentions for another year. They expressed a wish to remain if the terms were agreeable. He offered to treat them fairly, and suggested that $40,000 per annum for a three years' lease would be a reasonable advance. They indignantly refused to treat, and he left. After a few hours' search for another place, they concluded to pocket their indignation and accede to the terms. Calling on the owner for this purpose, they learned that they were too late, the premises having been leased for three years at $50,000 per annum. A further search left them hopeless of securing anything more eligible, and they have purchased the lease of the new parties for a bonus of $10,000. We do not see how these enormous rents are to be met; but we suppose it "will all come right in the end." In the words of a graphic oracle of the market, "if everybody thinks somebody is going to smash, nobody had better tell anybody about it.'"

"We think with the *Newark Advertiser* that it is impossible that the condition of affairs disclosed in these extracts can long continue. There is certainly nothing in the present position of the business of the country to justify such an exorbitant appreciation of real estate values. Already an apprehension is beginning to prevail in some business circles that a crash, induced by natural causes, cannot be much longer postponed; and in any event, it is obvious that should Congress authorize a policy of contraction by the national treasury, a speedy check must be given to the present reckless extravagance of prices."

The "reckless extravagance" here exhibited is, as we are assured, to be checked by "a policy of contraction." In opposition to this, however, we have the fact, that it *follows* a "contraction" that has been for months in progress—one so serious that it has now reduced the "paper money" circulation to an amount actually less, per head, than is the *coin alone* of Great Britain, leaving wholly out of view the hundreds of millions of her "paper money," and the thousands of millions of credit money by means of which she is enabled to transact countless millions of business without the need of either coin or notes. Such being the case, may it not, my dear sir, be possible, that the "reckless extravagance" here referred to comes as the *natural consequence* of a "contraction" that has largely raised the rate of interest throughout the country—that has greatly diminished general confidence—that has caused the present paralysis—and that threatens destruction of the internal commerce; and that the real remedy is to be found in the pursuit of a course of measures tending to the restoration of confidence, such as I have already indicated. That it is so you will, as I think, be prepared to admit when you shall have accompanied me in a brief review of the various phenomena by which the crises of 1837 and 1857 had been preceded, as follows:—

By aid of our first really *national* tariff, that of 1828, the country had, in 1832, been brought to a state of prosperity such as had never before been seen, and the public revenue had so greatly grown as to make it necessary to wholly free from impost duties tea, coffee, and very many articles of general use. Still, however, the revenue grew, and so largely grew as to require that, in order to the absorption of the balance in the treasury, the three per cents., held in Holland, should be extinguished. As a consequence of this, the year 1835 saw the country wholly free from public debt, and almost, if not even entirely, free from foreign liabilities of any description, whether those of States or of individuals. The seed, however, of a great and destructive foreign debt had been already planted, and was destined soon to yield a most abundant crop of fruit. By the compromise tariff of 1833 it had been provided, that all duties on foreign merchandise should biennially be reduced until, in 1842, we should attain the point of a perfectly horizontal tariff of 20 per cent. From that date the population and its demand for cloth and

iron steadily increased, but the growth in number of mills, furnaces, and mines wholly ceased; and with every step in that direction there came a decline in the demand for domestic labor, and in the domestic commerce. With each, it became more necessary to obtain abroad commodities that should have been made at home. Importations, therefore, grew rapidly, and the more they grew the greater here became the waste of labor and of capital. The more that waste the greater became the necessity for looking to Atlantic cities as the only places in which to make exchanges, with constant increase in the rents of city stores and dwellings until, at length, in the spring of 1837, they had attained a point higher than had ever before been known. The day of settlement was then, however, close at hand, our foreign credit having, even then, somewhat declined. It came soon after, bringing with it almost the annihilation of city rents, which were not again to attain the point from which they then had started, until after the restoration of the domestic commerce by means of the protective tariff of 1842. The *real and permanent interests of city proprietors are thus shown to be in perfect harmony with those of mill, mine, and railroad owners, and of those who look for food and clothing to employment in such works.*

Coming now to a later period, we find that at the date of the discovery of California gold another *British free trade crisis* had been close at hand. For a time the influx of that gold staved it off and caused great increase in the rapidity of the societary circulation, the effects of which, as regarded our industrial interests, are clearly shown in the following figures representing the quantity of anthracite coal then sent to market:—

1850 . . .	3,321,000 tons.	1854 . . .	5,831,000 tons.
1851 . . .	4,329,000 "	1855 . . .	6,486,000 "
1852 . . .	4,899,000 "	1856 . . .	6,751,000 "
1853 . . .	5,097,000 "	1857 . . .	6,431,000 "

From 1850 to 1856, as here is seen, there was a steady upward movement. The downward one, however, had now commenced, and as a necessary consequence of that paralysis of the domestic commerce which here exhibits itself in the prices of railroad shares:—

	1852-3.	December, 1856.
Baltimore and Ohio	96	84¼
Boston and Worcester	105	83¾
New York and Erie	85	61½
Cleveland and Pittsburg	93	56¼
Michigan Southern	118	88¼
Pennsylvania Central	93	94½
Camden and Amboy	149	124
Boston and Maine	102	77½
Total	843	670
Average	105⅜	83¾

A thousand millions of property had been thus one-fifth deteriorated. Why? Because, that labor was then everywhere being wasted. Because, that mills and furnaces were ceasing to work, and mines were being abandoned. Because, that artisans and miners were wandering everywhere in search of employment, coal meanwhile selling in this city for $3 50 per ton of 2,240 pounds, or little more than now is charged for transporting it less than a single hundred miles on its road to market. Because, that credit was then gradually passing away, the price of money in our cities meantime ranging between 10 and 20 per cent. Importations, however, were immense, and the foreign debt steadily increased, the prices of city lots and rents of city houses meanwhile growing with its growth until at length they attained a height that, even in 1837, had never before been reached.

Thus far, as we see, the parallel is perfect between the periods preceding the great crises of 1837 and 1857, domestic paralysis, pauperism of our people, waste of capital and labor, and destruction of the value of mill, mine, furnace, and railroad property, having gone hand in hand with augmentation of the already enormous foreign debt, and increase in the price of city lots and rents of city stores and warehouses. May the parallel be yet further carried out? Assuredly it may. In both, the foreign credit soon became exhausted. In both, city lots and houses fell with a rapidity greater even than that which had marked their rise, crushing in their fall all whose property had been mortgaged, and thus enabling "speculators" for a fall to profit at the cost of those who had "speculated" for a rise, the rich being thus made richer as the poor became poorer. In both, banks stopped payment. In both, importations ceased. In both, the public revenue passed almost away, leaving the national ship high and dry amid the shoals of bankruptcy. In both, the people marked their appreciation of the public servants by expelling from offices nearly the whole of those, from doorkeeper to President, who, by their war upon the domestic credit and domestic commerce, and by their alliance with those "speculators" for a fall who had built no railroads, sunk no mines, and employed no labor, had aided in bringing about a state of affairs so ruinous to working men of all descriptions, farmers and laborers, miners and artisans—and so utterly destructive of the national character and the national power.

Now again, in 1866, do we find the parallel to the periods that preceded the great crises of 1837 and 1857. Now again, has the domestic commerce become greatly crippled. Now again, are mines, mills, and furnaces idle. Now again, has capital so invested ceased to yield to their owners even the smallest profit.* Now again, does decline in the consumption

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* To this cotton and woollen mills furnish exceptions. Why they do so was shown in my fifth letter.

of coal furnish evidence of decay of our industrial interests. Now again, do artisans pace our streets vainly seeking to find demand for services they would gladly render.* Now again, has railroad property fallen, and, notwithstanding our great increase of numbers—notwithstanding the vast advantages enjoyed throughout the war by northern roads—notwithstanding the present enormous rates of freight—so greatly fallen, that they do not now command, in "paper money," even the prices at which they sold when the early supplies of California gold were so stimulating our domestic commerce as largely to increase the demand for coal. In proof of this I give here again the prices of the above-named roads, as follows:—

	1852-3.	February, 1866.
Baltimore and Ohio	98	112½
Boston and Worcester	105	131
New York and Erie	85	82
Cleveland and Pittsburg	93	81½
Michigan Southern	118	71½
Pennsylvania Central	93	111¾
Camden and Amboy	149	118
Boston and Maine	162	118¾
Total	843	827
Average in gold	105⅜	
Average in greenbacks		103⅜

Now again, however, have importations grown, and grown to such a height as to have caused astonishment even in the minds of those excellent British free traders who did the smuggling of the war. Now again does the foreign debt increase at an appalling rate. Now again does the domestic credit disappear, with large advance in the rate of interest. Now again do influential journalists, supposed to represent the views of the administration, stand side by side with "speculators" for a fall, denouncing those "speculators" for a rise to whom we had been indebted for power to make the war; just as, in 1833, we had to such men been indebted for ability to extinguish the public debt; and as, in 1845, we had owed to such the power once again to pay interest on the State and other debts then held abroad. Now again, too, have the prices and rents of city lots and houses attained prodigious elevation—having risen to a point as much exceeding that attained in 1857 as does the wonderful rapidity with which we now are adding to our foreign debt exceed that exhibited in '37 and '57. Then, the annual addition counted by tens of millions only. Now, it counts by hundreds of millions.

The parallel between the preparations for a crisis being thus complete, may it not now, as to results, be fully carried out? Assuredly it may,

* Ten days since an advertisement for hands to work in a machine shop of this city, brought more than *three hundred applications*. Since then, hundreds who were then at work have been discharged.

with the difference only, that when the crash shall come it will be more thorough and complete than any the world has ever known. Why? Because our banks stand to-day on public stocks and bonds, and nothing else. Because our foreign debt is being contracted on the faith of treasury promises, compliance with which is wholly dependent upon receipts from taxation of a domestic commerce now, and rapidly, becoming so entirely paralyzed that it is likely soon almost to cease to have existence. To a large extent those taxes have, in the past year, *been paid out of capital;* but to a larger one must they soon cease to be paid at all. So soon as these results of our present policy shall have become a little more clearly visible, the foreign credit must pass away, and with it the power to collect, in any manner, whether from the foreign or the domestic commerce, sufficient even to meet the annual demand for interest; leaving wholly out of view the thousand millions of floating debt, *payment* of which must then be made—acceptance of other bonds being entirely optional with the holders of those which now exist.

The high city rents of 1836 and 1856 were followed by bankruptcy of banks and merchants, ruin to the farmer, and pauperism to the laborer. Owing little or nothing, the treasury escaped with little more than loss of revenue. Those of 1866 must bring in their train bankruptcy of *the one universal debtor*, that national treasury into which our people have so freely poured so large a portion of the profits of the past few years. The former crises were followed by political revolutions the most complete. The one now impending, if it shall be allowed to come, must bring with it disunion and repudiation, and thus enable the South to achieve in peace the end for whose attainment they made the war.

The cause of all the evil now existing, and all that now is threatened, is to be found in the fact that threats of a resumption that, under existing circumstances, is clearly seen to be entirely impracticable—one that never can take place until we shall at least *begin* to retain the produce of California mines—have wholly annihilated that *faith in the future* to which we have been indebted for past success. If we would avoid the dangers with which we are now threatened—if we would maintain the Union—THAT FAITH MUST BE RESTORED. To that end we now need clear and distinct action on the part of Congress tending towards remedy of that great mistake of the last session, referred to in my seventh letter, which has already cost the country a waste of capital and labor to the full extent of the $600,000,000 then ordered to be borrowed, leaving still that vast amount a burthen to be carried. Let that error be now corrected. Let the treasury borrow *from the people* the $200,000,000 that they will most gladly lend on notes bearing no interest, therewith discharging the floating debt by which it is embarrassed, and for which it now is paying, of annual interest, little less than $12,000,000. Let it arrest the export of California gold by retaining in its vaults all that is not required for pay-

ment of the demands of public creditors. Let it abolish all those taxes by which the domestic commerce is being now destroyed, and it will speedily find itself enabled once again to feel itself "master of the situation," which now it certainly is not.

Nothing that could here be mentioned would so much rejoice our whole people as would a knowledge of the fact that Congress had decided to *permit* them—poor and rich, great and small—to unite in lending to the treasury the sum of $200,000,000, receiving in exchange simple promises of repayment at the pleasure of the borrower. Effecting *such* a loan, the treasury would be at once enabled to accumulate a store of gold, and thus, while enabling our people more readily to pay the diminished taxes, begin to move in the direction of resumption. Selling bonds abroad, in the hope of being able to re-import the gold of California, is but the direct and certain road to *repudiation*.

Let the men who made the war now unite together in giving activity to the circulation and life to the people, and they will find themselves sustained, while the Union will be maintained. Let them continue onward in the present false direction and both must be forever lost.

Once more apologizing for this further trespass upon your time and attention, I remain, my dear sir,

Yours faithfully,

HENRY C. CAREY.

PHILADELPHIA, February 17, 1866.

THE NATIONAL BANK AMENDMENT BILL.

REPRINTED FROM THE NORTH AMERICAN AND UNITED STATES GAZETTE, April, 1866.

The existing national bank system having proved in some respects seriously defective, it is proposed to amend it, a bill for that purpose being now before the Senate. Whether, should it become a law, it will tend towards correction, or increase, of existing error, it is our purpose here to inquire.

Of all the banking institutions of the world those of New England have been the most regular in their action. Why? Because, of all, they have traded most on their own proper means, and least on those of other people, their average excess of loans beyond their capitals having rarely exceeded sixty per cent. In some of the States, indeed, that average has, for long periods of years, been under forty per cent.—southern and western banks having meanwhile traded beyond their capitals to the extent of one, two, and even three hundred per cent. The larger the proportion borne by the base of a building to its height, the greater must necessarily be the tendency towards stability; and it is for the reason that the foundations of eastern banks have been broad as compared with their elevation that the people of New England have had a currency so stable, and have enjoyed the advantages of the banking system in more perfection, and at smaller cost, than any other of the communities of the world.

For all this they have been indebted to that freedom of competition which has resulted from the facility with which bank charters have been obtained—New England legislators having generally shown themselves to be of the opinion that the more numerous the shops at which money, coffee, cloth, or iron could be bought or sold, the more accurately would the supply of those commodities be proportioned to the demand, and the more moderate the charges of those by whom the work was done. New York, a colony of New England, has followed in the same direction, granting full power to create banks any and everywhere, provided only that those who desired to issue circulating notes should first deposit security with the State.

Out of the two systems has grown our present national banking law, nominally free, yet less free than either because of its having given us a procrustean bed in which to lie, limiting, as it does, to $300,000,000, or little more than $8 per head of the present population of the Union, the amount of capital that may be applied to the trade in money, while leaving to the owners of those few millions full power to trade to the extent of thousands of millions, and thus creating a sort of inverted pyramid. As a consequence of this it is, that we now see banks dividing 20 and 25 per cent. where before they were well content with 8 or 10—the danger of revulsion increasing geometrically as the figure which indicates the dividend increases arithmetically.

The remedy for all this would be found in the existence of a power to convert into banking capital money standing on deposit to the credit of individuals, whether by creation of additional banks, or by enlargement

of the foundations of those already in existence. That remedy existed under the New York system, but it has no existence in that national one of whose freedom we so much boast, but which is, in this respect, greatly inferior to the one for which it has been substituted.

New York insisted upon security for the payment of circulating notes, but it granted perfect freedom as to the quantity that might be issued, leaving to the people to determine for themselves whether they would carry their money balances in their pockets, or leave them on deposit in the banks. Here, again, the national system is much inferior, security having been insisted on while freedom has not been granted.

The national system as it now exists is a monoply one, there being no power to create a single rival to existing banks. It compels capital to lie idle and unproductive to its owners, thus increasing the profits, and the power for evil, of those to whom the monoply has been granted. Setting no limits to the exercise of that power its tendencies are in the direction of general instability, to be followed by financial crises that cannot fail to prove more severe than any of those by which we have in the past been so much afflicted.

Does the proposed amendment look to the correction of any of these evils? It does not. On the contrary, it tends to extend, to perpetuate, and to intensify them. More than half the Union being as yet unsupplied with those very necessary institutions called banks, it proposes to grant to that vast extent of country power for their establishment to the pitiful extent of $15,000,000, or somewhat less than a single dollar per head—thereby giving to the *whole* Union just five per cent. more than, three years since, was granted to *less than half* of it, thus making the monopoly even more complete. With every step in that direction the system must become more unstable, yet are these restrictions imposed by legislators who sincerely desire to produce the reverse effect.

Twenty years since, Sir Robert Peel gave to the people of England a banking law so bad that, now its defects have come to be recognized, it is to be regarded as somewhat wonderful that any one could, even for a moment, have supposed that it could be made to work. That it has not worked we know from the fact that the bank has already twice been forced to ask for interference of the government as the only means of preventing an actual stoppage of payment. How it has operated as regards public and private interests, and the movement of commerce, is well exhibited in an able article in the last number of *Blackwood's Magazine*, from which we take the following paragraph, closely descriptive of what is already occurring among ourselves.

"The Bank of England now charges 8 and 9 per cent. in circumstances where previously it used to charge 4½. As a natural consequence the dividends of banks have risen almost to a fabulous extent, and the profit of financial companies and of all other parties who deal in money has proportionately increased. On the other hand, as an equally necessary consequence, the price of the funds is steadily falling, and railway shares and the profits of all other kinds of industrial enterprise are proportionately depressed. The increased rate which railway and other companies have to pay on their debentures, and which traders have to pay for their bills, tends to neutralize the increased business which most of them are carrying on. The stock of banking and financial companies is raised in value, while that of mercantile and industrial companies tends to be lowered, by this recent change in the practice of the Bank of England—a change which it is impossible to check as long as the present system of monopoly is allowed to exist."

The most serious defects of the British law have been carefully copied

in our own, but the danger to be apprehended here was less, and for the reason that the system was supposed really to mean free banking. Now, however, after having legislated out of existence all the State banks, it is proposed to limit the banking capital of half a continent, with a population already far exceeding that of Britain, to an amount that is less than the mere liabilities of two only of the many joint-stock banks of London,* and thus to create a monopoly more complete even than that which now so much excites the ire of the English people—doing this, too, in a country whose population doubles in little more than twenty years, and whose production, and consequent need of the facilities of exchange, should increase at least twice as fast.

The British government is indebted to the Bank of England £14,000,000 or $70,000,000. To that amount the latter may issue circulating notes without providing gold with which to meet them; but, for every additional pound in circulation it must have a sovereign in its vaults. To the extent of tens of millions, or even hundreds if it will, it may incur liabilities, and the money thus obtained may be re-lent at any rate of interest. The day arriving when many of those to whom it stands indebted call for payment, it endeavors to contract its loans, and thus makes money scarce. This contraction being long continued panic comes, with increased demand for notes,† until at length its circulation, in excess of $70,000,000, stands on a level with its gold. From that instant everything is at a dead-lock, and further movement becomes impossible. Its creditor, with thousands or tens of thousands at his credit, asking for notes receives for answer that the power of issue has been exhausted, the circulation having already reached a level with the gold. Failing to obtain paper, he asks for gold, then learning that, large as is the quantity in the vaults, it is all, by law, required there to remain as security for the circulation. The bank would now stop payment did not the government, as it always has done, and always must in future do, now step in and authorize the violation of a fundamental condition of its charter—the most absurd of all the conditions ever inserted in the charter of a banking institution. Absurd as it is, it had, at the time of its adoption, the almost unanimous approbation of that British public to which we are so much disposed to look for instruction in all financial and commercial matters. It was then regarded as the great financial invention of the age.

Such being the state of things in the moneyed centre of Europe, we may now look homeward and study our own great national system, taking for examination a bank of $1,000,000 capital that has commenced its operations by handing over to the Treasury public securities to that whole amount, receiving in exchange $900,000 of circulating notes. Of these, it exchanges $225,000 for legal tenders, to be always kept on hand. It now borrows from its neighbors, sometimes at low interest, at others at none, repayable on demand, to the extent of $5,000,000, calling this *deposits*. The total sum at its command is now $5,900,000, of which it lends to its customers $5,000,000. Money, however, coming

* The liabilities of the Bank of England exceed $200,000,000. Those of the London and Westminster, and of the Union, both joint stock banks, are stated in *Blackwood's Magazine* to be each of nearly equal amount, making a total for those two alone, of nearly $400,000,000.

† A run upon the bank is always for notes, never for gold.

soon after into more demand, its creditors require payment of perhaps half the amount now standing to their credit, or $2,500,000. In turn it calls upon its debtors, who may pay, or may not. If they do, it meets its engagements. If they do not, when asked for notes, it must reply that its power of issue has been exhausted, its circulation having already attained the full amount, or $900,000. When asked for "greenbacks," it must of course reply that all the lawful money in its vaults is by law required there to remain as security for its circulation. Powerless for the sale of securities deposited with the Treasury—powerless for the use of its lawful money—powerless for further issue of its notes—it finds itself now compelled to press more hardly on its debtors, producing panic and thereby increasing the demand upon itself by those who own the millions standing to their credit on the books. Ruin now ensuing, the world accepts the fact as evidence of the necessity for inventing some new contrivance by means of which we may in future avoid the dangers incident to the existence of a "plethora of paper money." Nevertheless, *throughout the whole of this performance* "paper money" has furnished not even the slightest evidence of its existence, the people, relying on the government for its redemption, having continued to employ it precisely as they before had done. Of the few national banks that yet have failed, the proportion of their notes that has been presented for redemption has been, as we have seen it stated, small beyond any conception that could previously have been formed.

We have a free banking system in which there is really no freedom, having thus practically reproduced the idea of the tragedy of Hamlet, with the part of Hamlet omitted by particular desire. We have adopted the system of New England and New York, omitting its fundamental idea, that of leaving to the people themselves the determination of the question as to whether or not they need to create additional shops at which money may be bought and sold; whether or not the capital they employ in the trade shall count by hundreds of thousands, millions, or tens of millions. We have created a monopoly more complete than that of the Bank of England, and in constructing a code of laws for its government have borrowed that ridiculous and absurd idea of Sir Robert Peel, by means of which that great institution has been twice reduced to beg for an Order of Council providing for its temporary repeal, as the only mode of enabling it, with millions of gold in its vaults, to escape the disgrace of actual bankruptcy.

For a remedy for all this we must look in the same direction that, under the State bank system, our New England friends have looked, to wit, that of FREEDOM. The more the people shall, in this important matter, be allowed to govern themselves, the less will be the accumulation of unemployed capital in the banks; the more reasonable will be bank dividends; the more will the whole community profit by their existence; and the less must be danger of revulsion. The more thorough the monopoly shall be made, the more will be the tendency towards large bank dividends, to be followed by financial crises; and the more will the state of things among ourselves approximate to that now existing in Britain, so well described in the passage from Blackwood already given.

To all this the "skilful financier"—the man so often quoted in money articles—objects, believing that the monopoly now established is a good and proper thing; that large bank dividends are greatly preferable to small ones; and that the less the tendency to stability in the monetary

movement, the more abundant must be the chances of accumulating fortune for himself. The legislator, little familiar with the subject, finding himself assured that increase in the number of banks tends towards the production of a "plethora of paper money," closes his eyes to the fact that the more perfect the monopoly the greater must be the power to overtrade by means of the use of the unemployed capital of others; and, as in the case of the bill now before the Senate, gives us a system of law for our government in all the future, so narrow and illiberal, and so unworthy of the age, as to furnish proof almost conclusive that it must for its paternity have been indebted to some of the "financiers" above described—men belonging to that class which profits by having labor cheap and money dear.

Before the war our total paper circulation was but $200,000,000, or about $6 per head; and yet, insignificant as was its amount, it was the habit of our people to attribute to the use of "paper-money" nearly all the financial troubles then resulting from the maintenance of a commercial policy that had compelled us to look abroad for cloth and iron, and to give in exchange therefor nearly all the produce of California mines. The amount of labor and its products needing to be circulated was large, while the machinery of circulation was so trivial in its quantity as to make it, throughout three-fourths of the whole country, almost entirely inaccessible; as a consequence of which the barbarous system of barter was everywhere throughout the West and South in general or partial use; debt was universal; and the price paid for the use of a little money, to both foreign and domestic usurers, was exorbitant to a degree unknown in any other commercial country of the world.

The war came, and swept from existence a very considerable portion of the Western banks, their circulation having been secured by the deposit of bonds of Southern States. With the war, however, there came a necessity for the use of power by the General Government, and the "greenback" now made its appearance on the stage—giving us, for the first time in our history, an amount of circulation fairly adequate to the performance of the great work of circulating the labor, and the products of the labor, of our vast and widely-scattered population. To these were next added circulating notes bearing interest, and intended gradually to be taken up for investment; and, lastly, national bank notes, the amount of which was, by law, limited to $270,000,000.

Leaving out of view the interest-bearing greenback, nearly all of which have already disappeared from circulation, the amount now authorized of notes of every description but little exceeds $700,000,000, nearly 10 per cent. of which is, by law, required to be locked up in the vaults of national banks, precisely as the absurd British law, heretofore described, locks up the British gold. Far more than this is, however, habitually retained by them, while very much is hoarded, the result being that, at this hour, the total amount of actual circulation for 35,000,000 of people, dispersed throughout half a continent, is less than $500,000,000; whereas, according to recent statements, Great Britain, with a much smaller population, condensed within a space less than double that of the New England States alone, has in daily use, wholly exclusive of that retained in bank vaults, *coin alone* to the extent of $400,000,000, being nearly as much per head as our people are now allowed for total circulation.

This would certainly seem to be so small as wholly to preclude the idea

that inflation could thence result; yet are all the efforts of legislators turned in the direction of its reduction, Congress having just now authorized the Secretary to cancel "greenbacks" at a rate that will, in five years, reduce them to half their present amount; and the Senate now proposing to co-operate with him by means of a law under which the bank circulation must, in the same period, be reduced to nearly the point at which it stood in 1860, although the population will then have increased at least a third, while the production should at the very least have trebled. A proper pendant to the bill before that honorable body would, as we think, be one by which it should be provided that each and every railroad in the country should reduce the number of its cars and engines, with a view to ascertaining if the products of 1870 could not be transferred from place to place by aid of the same machinery by which that work had been done ten years before. Were such a measure suggested, it would be regarded as being supremely ridiculous; yet would it be even less so than is the suggestion that we should now return to the same machinery of exchange from hand to hand by aid of which the work had been so very poorly done in 1860.

What renders this course of action the more extraordinary is, that the mere collection and distribution of our present enormous revenue makes demand for an amount of circulation one-half, at least, as great as the whole quantity that before the war had been permitted to exist. While thus increasing the demand for machinery of exchange the Treasury strains every nerve in the effort to diminish the supply and thus to raise the rate of interest, to the serious injury of all who need to borrow, itself included. The higher that rate the smaller must be production, the greater the need for maintaining the present oppressive taxation, the less the revenue, and the greater the necessity for competing in the market with individuals who look to banks for supplies of money. The whole is thus a great financial blunder.

The country was promised free banking. It has obtained nothing but subjection to a monopoly that it is now proposed to make more complete and permanent than anything of the kind that has ever yet existed in the Union. It did obtain a moderately proper supply of the machinery of exchange, but even that is now to be withdrawn; this, too, at a moment when every man of common sense in England is awaking to a perception of the errors of the British law that we have so closely copied. That our readers may better appreciate the working of the present system outside of the large cities, we pray them to accompany us in a short examination of its operations in the neighboring county of Schuylkill, to which they are indebted for so large a proportion of the heat and power they daily need to use.

Saturday being pay day, and the pay being monthly, the close of each successive week brings with it a necessity for the means of distributing among miners and laborers the proceeds of the vast quantities of coal that have been sent to market. The money for this purpose stands at the credit of the operator but the means of distribution can be found nowhere, and miners and laborers go unpaid because banks have no power to issue notes without the assent of the Comptroller, and Congress refuses to permit that he should give it. Why, then, it is asked, do they not create more banks? Why do they not enlarge the capitals of those already in existence? Because of the fact that Congress has granted a monopoly of the privilege of banking, of which certain individuals have already obtained the country's share, the amount of which it is to the

interest of "skilful financiers" to retain unchanged. Because Congress has decreed that the privilege of furnishing "paper-money" shall be confined to the few that have obtained that monopoly of the banking power by means of which they are enabled to make double and treble dividends. Because Congress fails to see that all our recent success has resulted from the facts that protection on the one hand, and the "greenback" on the other, made great demand for labor, and thus enabled the poor to contend with the rich for the privilege of aiding in carrying out the war to the successful conclusion at which it finally arrived.

"Plethora of paper-money," however, being the form of words now most in use, that, we are assured, is the cause why labor is high and certain commodities are dear. Those, however, of our readers who may have studied the facts in regard to Egypt that we recently have laid before them, can scarcely fail to see that the rise of prices there, consequent upon increased demand for cotton and for labor, and upon a cattle plague, has been even more remarkable than any that has been here observed; and yet Egypt is emphatically a hard-money country, "greenbacks" being there unknown.*

Leaving the far East, and turning our eyes towards the far West, we find the state of facts in the flourishing Territory of Utah to be as is here described in a letter of recent date from Salt Lake City:—

"You have tight money markets sometimes in the East. I have read of how semi-savage nations 'barter.' I saw it cited, as a curious fact, in the newspapers, that in Georgia eggs are used as small change; but in Utah I see around me a people, a prosperous people, doing the business of life almost without any

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* "Arriving late in 1862, she found no difficulty in securing for her exclusive use, on her voyage up the Nile, 'an excellent boat,' with captain, steersman, eight men, and a cabin-boy, for the trivial sum of $120 per month. This seems very low, yet is it in perfect accordance with nearly every other demand then made upon her purse. Everything was then cheap. A year later, October, 1863, she writes her friends that she has 'just bought blankets, but they are much dearer than last year,' and that 'everything is almost doubled in price.' In October, 1864, she says: 'The dearness of all things is fearful here; all is treble, at least, what it was in 1862–63; but wages have risen in proportion. A sailor who got 60 piasters a month now gets 300. All is at the same rates—clothes, rents, everything. Cairo is dearer than London, and Alexandria dearer still, as I believe—at all events, as to rents.' Four months later, a common boat hand is described as getting three napoleons a month, while butter commands the enormous price of 3*s.*, or 72 cents, per pound.

"Why was all this? Had the Pasha issued any 'greenbacks?' Had gold gone up, and 'paper-money' down? Assuredly not, Egypt being so emphatically a hard-money country, that paper is there nowhere in use. The cause of all this change is readily found in the fact of the existence of a cotton famine, by means of which there had been made demand so great for that important product of Egyptian land and labor as to cause coin to flow in from every quarter of Europe, and thus to produce a 'plethora' of gold, the effects thereof exhibiting themselves in changes of prices precisely similar to those which have occurred among ourselves, and which now stand charged to the absence of that same hard money whose presence elsewhere was, as we see, producing so much disturbance.

"Why, however, had the prices of butter, and of animal food generally, so greatly risen? For reasons precisely similar to those which have been here observed, the scarcity of cows and oxen. Here, we have had to feed millions of men bearing arms, as a consequence of which our cattle are, North and South, a third less in number than they were six years since. There, a plague had just reduced to less than half the stock of cattle, and had thus produced, in the prices of meat and butter, precisely the effects that the 'skilful financiers,' who now desire that interest may be high and wages low, find it convenient to attribute to a 'greenback' circulation."

money at all. In Salt Lake City itself, right in the line of travel, there is some money; but in the country settlements, which radiate thence into every valley and by every watercourse for a hundred miles, it is literally true that they have no circulating medium. Wheat is the usual legal tender of the country. Horses, harness, vehicles, cattle, and hay are cash; eggs, butter, pistols, knives, stockings, and whiskey are change; pumpkins, potatoes, sorghum, molasses, and calves are 'shinplasters,' which are taken at a discount, and with which the saints delight to pay their debts (if it is ever a delight to pay debts). Business in this community, with this currency, is a very curious and amusing pastime. A peddler, for instance, could take out his goods in a carpet-bag, but would need a 'bull' train to freight back his money. I knew a man who refused an offer to work in the country at fifty dollars a month because he would need a 'forty-hundred wagon and four yoke of oxen' to haul his week's wages to the whiskey-shop, theatre, &c., on Saturday evening. That was an inconvenience, truly. And yet the farmers in the country towns suffer from an exactly opposite grievance. They cannot keep their big sons from sneaking into the granary at night, and taking off a half bushel or so of wheat, carrying it to the dram-shop, and having a 'high.' When a man once lays out his money in any kind of property, it is next to impossible to reconvert it into money. There is many a man here, who, when he first came into the valley, had no intention of remaining but a short time, but soon got so involved that he could never get away without making heavy pecuniary sacrifices. Property is a Proteus, which you must continue to grip firmly, notwithstanding his slippery changes, until you have him in his true shape. Now you have him as a fine horse and saddle; presto, he is only sixty gallons of sorghum molasses; now he changes into two cows and a calf, and before you have time to think he is transformed into fifteen cords of wood up in the mountain canon; next he becomes a yoke of oxen; then a 'shutler' wagon; ha! is he about to slip from you at last in the form of bad debts?"

It is in the face of facts like these, now occurring not only in Utah, but throughout the South and Southwest, the West and Northwest, that our "skilful financiers" venture to assure us that there is a "plethora of paper-money;" that there are too many banks and bank-notes; and that we must return to the good old state of things that existed a few years since, when labor and its products to the extent of millions per day were wasted for want of means of circulation.

What the country really needs is that its people should be allowed the exercise of some little of the power of self-government. Congress has made an exceedingly stringent law for the government of banks. That having been done, let the people now make banks when and where they please, as was the case under the New York system. In reply to this, it will be said that banks will become too numerous; but, as it appears to us, the people are better judges than Congress by any possibility can be as to their actual needs in that respect, as well as in that of dry-goods shops or railroads.

A multiplicity of banks will, it will be said, lead to a "plethora of paper-money." On the contrary, it is when banks are most numerous that there is the smallest power to maintain an extended circulation. New England uses paper more exclusively than any other part of the world; and yet, so little is the power of its banks to profit by the issue of notes, that the dividends of its banks are smaller than in any other portion of the Union. Let Congress carefully study the working of the New England system, and it will give us something very different from the miserable bill that is now before the Senate.

The system now established will prove an excellent one, provided that the one element in which it is so entirely deficient, that of freedom, be now supplied. Let that not be done, and it will prove to be the most unstable and injurious that has been yet devised.

THE NATIONAL POLICY.

TRACTS FOR THE TIMES---NUMBER 2.

SUBJECT:

BRITISH FREE TRADE,

HOW IT AFFECTS THE AGRICULTURE AND THE FOREIGN COMMERCE OF THE UNION.

CONDUCTED BY JOHN WILLIAMS,

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The following articles, from the pen of Henry C. Carey, Esq., LL.D., have been published in The Iron Age; but believing their more general circulation at this time may be of utility in removing the very common misapprehension which prevails as to the effect of depending upon a foreign market for the breadstuffs we produce, I have printed them in the present form.

I commend their study to every man who would understand the inevitable consequences which must result from a persistence in the present unwise policy advocated by the champions of British Free Trade amongst us. The letter of Mr. Langley, which is also printed, contains facts which are very significant in this connection.

JOHN WILLIAMS,

Editor The Iron Age.

BRITISH FREE TRADE.

WHY DO WE IMPORT WHEAT AND WHEATEN FLOUR?

Twenty years since crops abroad were short, causing famine in Ireland, and making great demand on us for supplies of food. As a consequence of this, our exports of "breadstuffs" trebled in a single year, the nineteen millions of the fiscal year 1846 becoming fifty-seven in that of 1847. The then Secretary of the Treasury was Mr. Robert J. Walker, author of the tariff of 1846, under which British free trade had, just before the close of the latter year, become the law of the land. Greatly elated at the increased foreign demand for food, he placed the whole to the credit of his free trade policy, and, at the opening of Congress in December, 1847, furnished that body with an estimate of our foreign commerce in the future, based upon the idea that each and every succeeding year was to exhibit changes similar to the one which had then occurred. The total domestic exports having grown in 1847 from $101,000,000 to $150,000,000, those of 1848 were to reach $222,000,000, and those of 1849 $329,000,000, the essential part of this extraordinary increase to be in the form of "breadstuffs," with which we were, in his belief, to supply the European world.

Of the time that since has passed, more than ten years were spent under the free trade *regime* established by the author of these predictions. During four of the remaining years we had the highly improved free trade tariff of 1857, under which Southern slave-owners were steadily gaining the predominance which finally prompted them to an effort at independence which led to war. Since then, we have been feeding millions of men engaged in an effort at maintaining the authority of the Union and restoring domestic peace.

Throughout the whole of this long term of years the British free trade system has had a fuller and fairer trial than had here

ever before been given to any other system whatsoever. Throughout the whole of it the inventive faculties of our countrymen have been given towards facilitating extraction of the soil and its transport to distant markets, increase in the number of reaping and threshing machines having kept steady pace with increase in the number of miles of railroad, and in the number and power of engines, each and every step in this direction having been in perfect harmony with the magnificent free trade predictions of 1847. What, however, is the point at which we have now arrived? Have we reached, or even approached, the port towards which the national ship was supposed to be then directed? Has the great foreign demand for food arisen? Had it done so, has there been any growth in our power to meet it? Nothing of the kind. So far the reverse is it, that not only have we now almost wholly lost the great natural market that has in all the past been furnished by the West Indies and South America, but are now dependent on France for supplies of wheat, and likely so to become to an extent greater than now exists. As a consequence of this, flour rises here with a rise in the price of that only commodity, California gold, with which we now pay for foreign food—wheat now commanding here a price that is almost thrice as great as has been that of France for the past three years.

How must it be in the years that are ahead? To obtain an answer to this question we must begin by studying the past. At the date of the prediction above referred to, the average crop of wheat might have been taken at 126,000,000 bushels, giving $5\frac{3}{4}$ per head of the population. In 1860, it was $5\frac{1}{2}$ per head. Last year, that of the loyal States was 148,000,000, and the total probably a little more than 165,000,000, or less than 5 per head. This year, so far as can now be judged, it can scarcely exceed 160,000,000, or $4\frac{1}{2}$ per head; while the actual British consumption is 6 per head. Taking, then, into consideration the present rapid increase of population, it seems to us quite clear that instead of giving "breadstuffs" for iron, we shall be compelled to give gold, and very much of it, too, in exchange for food.

Of the causes of this extraordinary state of things we shall speak in another article.

WHY ARE WE NOW GIVING GOLD FOR WHEAT?

In our last it was shown that whereas twenty years since our average crop of wheat gave $5\frac{3}{4}$ bushels for each individual of our population, it has since been gradually declining in its proportion, until it now stands at little more than 4; and, that to this it is due that not only have all past British free trade predictions in relation to supplying the world with "breadstuffs" been thus falsified, but that we have now become importers instead of exporters of the materials of bread. That our readers may understand the cause of this we give the following facts, from a very valuable work of recent date.*

Kentucky, Missouri, and Tennessee are best adapted to corn, and wheat cannot be regarded as the great staple of any of them. Cotton is the staple of the last, the others being unsurpassed for raising stock, and there being no reason whatsoever why they should give much attention to the wheat culture. North Carolina raises some wheat, but south or southwest of that State, both soil and climate are adverse to its production.

"Indiana, Illinois, and 'the far West,' are," says our author, "pointed to us as the great wheat regions, to which we are to look for wheat to supply the world. The common idea," as he continues, "is that this whole region is peculiarly adapted thereto, but this, like many other popular theories, may not be strictly correct. The prairie soil—the virgin soil of the West—when first broken up generally produces good wheat. But virgin soil will not last; like virgin beauty it becomes old and faded with age. It consists of friable mold, and when by cultivation and exposure to the atmosphere it becomes completely pulverized and then covered with surface water, as much of it frequently is, the frost will heave the wheat out of the ground, and it is winter-killed. If the plants are so fortunate as to escape winter-killing, this friable mold, when dry, is an almost impalpable powder, and the high prairie winds will blow it from the roots of the plants, exposing them to the dry and parching rays of the sun, and then what winter has spared the summer kills."

As a consequence of this it is that we find Solon Robinson, the well-known agricultural editor, telling his readers that wheat is "the most precarious crop in the west;" Mr. Ellsworth, of Indiana, an extensive farmer and able agriculturist, meanwhile writing as follows:

"After a full consideration of the subject, I am satisfied that stock raising, *at the West*, is much more profitable than raising grain. The profits of wheat appear well in expectation, on paper, but the prospect is blasted by a severe winter—ap-

* *The Wheat Plant*, by J. H. Klippart, Corresponding Secretary of the Ohio Board of Agriculture, Cincinnati, 1860.

pearance of insects—bad weather in harvesting, in threshing, or transporting to market; or last, a fluctuation in the market itself."

Throughout New England "much labor," says our author "may produce small crops, but all, we believe, will agree that it is not, and cannot be, a wheat-producing section."

What then remains? Only the States north of the James and the Ohio, and east of Indiana. Among them stands out most conspicuously Virginia, as possessing advantages for the wheat culture nowhere else exceeded. What has there been the course of affairs is shown in the following extract from a discourse delivered some twelve years since by one of her most distinguished citizens:

"How many of our people do we see disposing of their lands at ruinous prices, and relinquishing their birth-places and friends, to settle themselves in the West; and many not so much from choice as from actual inability to support their families and rear and educate their children out of the produce of their exhausted lands —once fertile, but rendered barren and unproductive by a ruinous system of cultivation."

Maryland and Delaware are exhausted and unproductive, and thus do we find ourselves reduced to Ohio and Pennsylvania, New York and Southern Michigan, in reference to which our author speaks as follows:

"Ohio stands at the head of all the wheat-growing States in the aggregate of her production. Her crop in 1850 was 28 millions of bushels. * * * The geological survey of the State gives the reason, and confirms the statement, that '*a large mixture of clay in the soil is necessary to the perfect growth of wheat*,' and that the absence of it from the soil of the prairies of the West would prevent them from ever becoming permanently good wheat-producing sections.

"Thus, the reports of the geological survey of Ohio show the soil to be clayey,' 'clayey loam,' and 'clay sub-soil,' and it produces 16½ bushels to each inhabitant; while Indiana, with a richer soil, produces only 8½ bushels, and Illinois, with a still richer soil, only 7 to each. Virginia, Maryland, and Delaware, as well as New York, were formerly great wheat-producing sections. But many parts of New York, that formerly produced 25 bushels to the acre, do not now average over 5 bushels; and many parts of Maryland, Virginia, and Delaware, that formerly produced abundantly, will not now pay the cost of cultivation. EXHAUSTION is written all over them, in language too plain to be misunderstood.

"Ohio has reached her maximum of wheat production, and, if not retrograding, is at least stationary. [The crop of 1860 was but 15 millions, or little more than aalf that of 1850.] Thirteen bushels to the acre may be set down as an averghe production, and this average must continue to grow rapidly less, till, like the exhausted lands of Virginia, her soil will not produce enough to support the cultivator, unless an improved system of husbandry is introduced to increase its fertility, One great source of deterioration in exhausting our soils, has been in the

manufacture of potash, and the exports of it to foreign countries, or to our manufactories. In this way our soil has been robbed of an ingredient without which no plant can mature, and no cereal grain form. As our forests have disappeared, this source of deterioration must be cut off, but a serious injury has been inflicted, which nothing can cure but the refurnishing of the potash to the soil. How it can be done, is the great inquiry for our farmers.

"The export of our flour has been another source of exhaustion to the soil, in taking away from it the phosphate of lime that is necessary to give plumpness to the kernel.

"This exhaustion can be more easily remedied by the application of bone dust. For many years the English farmers have carried on a large traffic in old bones, paying five dollars a ton for them. This has stimulated many to gather them up, and even rob the battle fields of Europe of the bones of their brave defenders, to enrich the wheat fields of England. By this course, the fields of England have been made more productive, while the countries from which the bones are taken have been permanently injured by their loss.

"The English, too, have sent to every island of South America to procure niter, n the form of guano, to fertilize their fields, while the American not only imports little or none, but negligently wastes that which nature forces on them.

"*The idea of skinning the soil of our wheat-growing sections, with a view of abandoning them soon and going West to procure new and fertile wheat land, must itself be abandoned, as we are on the western verge of the permanently good wheat-producing section.*

"Our only resource now is to preserve our wheat lands where they are not exhausted, and to restore them where they are. Under judicious and scientific tillage, the lands of England, that have been under cultivation for hundreds of years, now produce twenty-five bushels to the acre. This is done by a liberal use of lime, plaster, clover, and a judicious rotation of crops. In wheat-raising, this rotation is clover and corn. Peas, beans, turnips, beets and carrots, all furnish a good rotation, and good food for sheep, which are good on wheat land. In fact, the culture of wheat and raising of sheep should go together. *The rotating crops furnish food for the sheep, and the sheep furnish the best of manure for wheat land.* All the manure derived from the sheep should be carefully preserved for enriching their land. It is highly concentrated, and prepares the land for a generous crop of wheat at a small expense. The manuring agent consumes the crop that gives the land rest from wheat culture, and prepares the soil for another crop of wheat."

Such were the facts, and such was the advice given seven years since. Turning back, however, to the Patent Office Report of a few years earlier date, we find the presentation of a state of things almost precisely similar, closing with an estimate by its writer, Dr. Lee, a high agricultural authority, that it "would be improper to estimate *the total annual waste of this country at an amount less than equal to the mineral constituents of* 1,500,000,000 *bushels of corn.* To suppose," as he continues, "that this state of things can continue, and we as a nation remain prosperous, is simply ridiculous. We have as yet much

virgin soil, and it will be long ere we reap the reward of our present improvidence. It is merely a question of time, and time will solve the problem in a most unmistakable manner. With our earth-butchery and prodigality, we are each year losing the intrinsic essence of our vitality. Our country has not yet grown feeble from the loss of its life-blood, but the hour is fixed when, if our present system continue, the last throb of the nation's heart will have ceased, and America, Greece and Rome will stand together among the ruins of the past. The question of economy should be, not how much do we annually produce, but how much of our annual production is saved to the soil. Labor employed in robbing the earth of its capital stock of fertilizing matter is worse than labor thrown away. In the latter case, it is a loss to the present generation—in the former, it becomes an inheritance of poverty for our successors. Man is but a tenant of the soil, and he is guilty of a crime when he reduces its value for other tenants who are to come after him."

Almost at the moment when these words were being written, the Finance Minister of the Union was amusing our people with calculations having for their object to prove that an agricultural people we were, and as such must remain, and that if we would but adopt in full the British free trade doctrines, the time would speedily arrive when our annual exports of "breadstuffs" would count by hundreds, if not even thousands, of millions of dollars! Since then we have, with slight exception, been moving steadily in the direction towards which he pointed—inventing machines for facilitating the tearing out of the soil, and making roads for its transportation to the distant market; the result now exhibiting itself in the Agricultural Report for the present month, in which we find it stated that "*the prospect on the first of June* was for *seven-tenths of a crop.*" How entirely the facts there presented, in reference to the wheat-producing powers of the Western States, are in accordance with those given by the author of the excellent volume to which we have referred, will be seen by those who read the following extract:

"The total yield of wheat in Ohio and Indiana appears to have suffered most from winter-killing. A prospect for thirty-four per cent. of a crop of winter wheat in Indiana is sufficiently discouraging. An increase of four-tenths of the average growth of spring wheat will afford some relief, and ought to bring up the average

to half a crop. Ohio is reported at four-tenths for winter wheat, with two and a half-tenths more for spring wheat than usual. A very little better prospect for winter wheat than Indiana, and not quite so large an increase of spring wheat will give about the same result—half an average crop.

"Illinois, now our greatest wheat-growing State, promises seven-tenths of a crop of winter wheat. As the spring wheat, which is the main dependence for a crop in portions of the State is nearly as good as usual, at least three-fourths of a crop of that should be expected in that State. In Wisconsin, the winter wheat is reported at six and one-third tenths, with one and three-fourths more spring wheat than usual, which should secure three fourths of an average crop for this State. In Iowa the appearance of winter wheat is nine-tenths; spring, ten and three-fourths tenths; breadth of the latter sown, twelve and one-eighth tenths. This should give at least an average crop for Iowa. In Missouri a prospect for a full crop of winter wheat is reported with one-half tenth or five per cent. more than the usual breadth of spring wheat, looking nearly as well as usual at this season of the year."

In our next we propose to show how widely different has been the course of affairs in countries whose policy has been to bring consumers and producers nearer together, and thus to make a market on the land for all its products.

WHY FRANCE NOW EXPORTS WHEAT.

Forty years since, under a system of long continued, steady and thoroughly effective protection, France supplied the outer world with silks, cottons, linens, woolens, and other products of her various industries, to the extent of 500,000,000 francs or.....$100,000,000

Fifteen years since, under the same highly protective system, her exports had reached the amount of.....$250,000,000

Six years since, under the same system, they had attained the extraordinary hight of.....$400,000,000

Then it was that there was negotiated between England and France a commercial treaty providing for the abrogation of antiquated prohibition and restrictions, and which, therefore, was heralded forth as a British free trade measure. In reality, however, it gave to France a system more intelligently protective than any now existing in any other country of the world; one under which the export of domestic products has already risen to the extraordinary hight of nearly.....$600,000,000.

Such having been the result of efficient protection in a country possessing little coal or iron ore, no gold or silver mines, and no cotton fields; one in which schools have been few, armies great, taxes heavy, and population almost stationary; let us now compare it with that which has been obtained in another country in which, in the same period, population has trebled, while schools have been sextupled; one in which coal and iron ore exist to an extent elsewhere entirely unequaled; one that has controlled the cotton commerce of the world; one capable of supplying the world with sheep's wool; and one that possesses the most profitable gold and silver mines the world has ever known; to wit, these United States:

Forty years since our domestic exports had risen to nearly	$70,000,000
Ten years later they were	100,000,000
Twenty years since they amounted to	150,000,000
Six years since, in the year before the breaking out of the rebellion, they were, exclusive of specie	300,000,000
For the fiscal year just now completed they are estimated at a gold value not exceeding	260,000,000

Compared with the growth of population, the movement has therefore been as follows:

	1825.	1860.	1865.
French Exports, per head	$3	$11	$16
American " "	6	9	7

Under intelligent protection the first have more than quintupled, while under British free trade the second, exclusive of specie, have scarcely at all increased. This is certainly an extraordinary exhibit, but, extraordinary as it is, it is in perfect accordance with the teachings of those eminent men, who, from the days of Hamilton, have sought to teach our people that it was in efficient protection we were to find the real road towards an extensive foreign commerce and real freedom of trade. France has done what Hamilton, Clay, and Jackson urged as proper to be done; and, as a necessary consequence, her export of the products of her soil has grown at a rate more rapid than the world till now has ever known. We have followed in the direction indicated by our British free trade masters, and the result exhibits itself in the fact, that our foreign commerce is this day little more per head than it

had been in the disastrous decade that followed the close of the great wars of the French Revolution.

France imports raw materials, combines them with her own food, and then exports them in a finished form. We export our soil in the various forms of potash, cotton, pork, and wheat, and then re-import them in a finished form. The first is always importing manure, while the second is always exporting it. The results of these different modes of operation exhibit themselves in the fact that France, with a stationary population and limited territory, has, in half a century, carried up her wheat crop from one hundred and fifty to three hundred millions of bushels—from less than five bushels per head to fully eight; whilst we, with a erritory unlimited and a population rapidly growing in numbers and intelligence, have passed downwards from nearly six bushels per head in 1846 to little more than four in 1866.

At the present moment wheat so abounds in France that prices are lower than have almost ever before been known, and there exists an agricultural crisis. Referring thereto, and endeavoring to console the farmers in their troubles, the *Journal des Economistes*, the most radical free trade journal in Europe, speaks as follows:

"That which, above all, agriculture claims is the multiplication of markets, its greatest need being that of a non-agricultural population. The prosperity of that of Britain is almost wholly due to the great part that manufactures there perform. What is it that presents itself to view in our poorest provinces? A people thinly scattered and almost entirely rural; not working within reach of a market; consuming on the spot their own local productions; with few or no towns, no industry, and no commerce beyond that which is strictly necessary for satisfying the limited wants of their inhabitants. There, the poor proprietor divides the produce with miserable tenants, the inevitable result of agriculture without a market. Our manufacturing departments, on the other hand, are by far the best cultivated, and for that reason the most productive. There, our agriculture has poved her ability to realize by other means, but in an equal degree, the wonders of English husbandry. *Wherever a large centre of consumption is formed the neighboring farmers are the first to profit by it. This law is infallible, and allows of no exception; and thus is explained the enormous value of land near to the great cities of the world.* In proportion as markets are defective, agriculture is compelled to feed, in some sort on itself; the division of labor, or the adaption of culture to the soil, being thus forbidden, it then labors not for profit, but merely to live, and must content itself with wheat, rye, or some other cereal, at any price, let the result be what it may, Ruinous as is this course of proceeding, the farmer has no choice. New markets being opened, a new state of things arises—production, in view of profit, of commodities to suit the market. Agriculture then changes its character; it is transformed, and becomes itself industrial."

"The real reason for decline in the price of wheat is not" says the journalist in continuation, "difficult to discover; it is simply the excess of its production. Within half a century agriculture has made immense progress, and most especially within the last fifteen years. To-day it turns against itself, improvement in the cultivation of corn lands by better rotation, manuring and subsoil plowing—conversion of silicious land, formerly devoted to rye, to the production of wheat—improvement

of lands—clearing of forests—extension of drainage and liming—having, one and all, borne their fruits. The production of wheat has doubled in half a century, increasing from an annual average of fifty millions of hectolitres (22 gals.) to that of one hundred millions. Not only has agriculture become more productive, but it has also largely gained in security. The frequency of high prices formerly was due to bad cultivation; climacteric conditions in our day exert less influence on the yield. The harvest of 1863 was 111,274,000 hectolitres, more than double that of 1829, notwithstanding a season in many respects less favorable."

France protects her farmers by making a market in the land for each and all of its almost infinite variety of products. As a consequence *she exports*, in the various forms of silks and satins, cottons and woolens, paper, perfumery, chemicals, flour, locomotives, &c., &c., *food alone to an amount greater than that of our total commerce with the outside world.* Receiving in exchange the gold of California and Australia, she maintains a special circulation, while exhibiting her independence of British movements by keeping the rate of interest at less than half of that demanded by the Bank of England.

We, on the contrary, compel our farmers to dependence on poor and distant markets, and to destruction of the powers of the soil they need to cultivate. As a consequence, we import both cloth and iron, and have no wheat to sell. The daily increasing adverse balance is settled for with bonds whose interest must be paid in gold. Owners of the most productive mines in the world, we use paper because of inability to command the services of the precious metals. The Western farmer borrows money at a rate of interest thrice greater than that paid by his French competitor, and then mortgages his farm to his British free trade masters as security for the price of rails required for enabling him still more rapidly to destroy the powers of the soil. Those rails are laid over land that abounds in coal and ore, the conversion of which into rails and castings would, by giving him a market, quadruple the value of his farm. In default of that market his land is sold by the sheriff, he himself, meanwhile, going to the polls to vote, perhaps, a copperhead British free trade ticket.

With a territory of very small extent, and wholly destitute of natural advantages, France, by means of the protection accorded to her farmers, is enabled, through her *Credit Mobilier*, to grant aid to railroads throughout Europe, and now to extend her operations in that direction to some of those among ourselves. With a territory ten times larger, and twenty times more abounding in the natural elements of wealth, the people of these United States exhibit themselves throughout the civilized world as beggars for the aid required for enabling them to purchase the iron required for giving them new facilities for distributing, in the forms of corn, cotton, and tobacco, their soil among the civilized communities of Europe. We are, nevertheless, accustomed freely to boast the universal intelligence of our people!

THE SUPPLY OF BREADSTUFFS.

[The following letter by Mr. W. H. Langley, an extensive miller of Gallipolis, under date of June 10th, 1866, will be read with deep interest by those who are considering the serious subject of our prospective supply of breadstuffs. The writer states:

Let us examine how our supply will stand for the coming year. The Agricultural Bureau at Washington, in its report for November, 1865, says the crop of wheat for the year

1863 was	179,404,036
1864 was	160,695,823
1865 was	148,522,829
From the last deduct for deficiency in quality	14,068,694
Net crop in 1865	134,454,135
On hand of crop of 1864, at harvest time, 1865	26,241,698
Total, 1865	160,695,833

Now this is the quantity we should have had on hand last year at harvest, and, from all the information I have been able to get, I am well satisfied that the whole of it will be exhausted before any of the new crop will be in market. I was fully convinced at harvest last year that we had a very short supply of breadstuffs to last us through the ensuing year, and on several occasions through last fall and winter wrote to my friends in the Eastern cities, saying that if gold declined to par, it could have but a temporary effect on breadstuffs, that is, wheat flour, and claimed that the supply in the country was so small that we had none to spare for export, and that prices must continue to advance until it reached a point that would admit of importation from foreign countries, or until we raised another and a better crop than for the last two years. Being engaged in the manufacture of flour, principally for shipment to the eastern cities, and the crop of 1865 around us being almost a total failure, and not much better for 1864, we either had to go from home to buy wheat, or let our mill stand. The latter we did not wish to do, as we had established a good and large trade for our brands of flours, in the eastern cities, and did not like to lose it, and knowing that our brands would always command the best price going, and believing that owing to much of the wheat in the country being poor, light, damaged, and unsound, if we could succeed in getting high grades of old wheat, of the crop of 1864, to keep running, we could make money, for we thought such grades as it would make must be higher relatively than other grades. And in pursuance of this belief we went into the Cincinnati market, and for the last six months or more I think we have bought full three-fourths

or more, of all the choice old red and white wheat that came into that market, and, until recently, succeeded in getting enough of such to keep our wheels in motion about three-fourths of the time. More recently, finding that old winter wheat has become very scarce, especially for choice grades, we have turned our attention to Minnesota spring wheat, extra and choice quality, and have bought from 60,000 to 70,000 bushels of it, which we are now making into a very nice flour of choice quality, for spring-wheat flour. Thus far the result of the venture has been far more favorable than we anticipated, and, while there are a dozen of mills along the river, from Pittsburgh to Louisville, I do not know of one that has been so constantly in motion as ours, or that has done more than a local trade. Owing to the high price of wheat, the difficulty of keeping up a supply, and the relative lower price for common and medium grades of flour east, millers would not take the risk of buying wheat and making flour for shipment east. Many of them preferred letting their mills stand, while others ran just so much of the time as was necessary to supply the local demand. Being thus engaged in the business, we have fully understood the necessity of being correctly and fully advised of the state of the stocks in the country, and of the prospects for a supply from the growing crops, and have made it my business, since last harvest, to get all information on the subject possible; and principally with that object in view have made eight trips from this point to the eastern cities in that time—each trip from here down the river to Cincinnati, remaining there from one to six days each trip—while there picking up all information I could get. From there passing up through the central part of the State to Pittsburgh, embracing all opportunities that presented themselves to gather information as to stocks in the country, prospects for growing crops, &c., returning sometimes by the same route, and sometimes *via* Baltimore, through Delaware and Maryland, to Wheeling or Parkersburgh, then by the river home, thus having an opportunity of seeing and hearing from much wheat-growing territory. Have just returned from one of those trips east, and after posting up all information collected, and from my own observation, I arrive at the following conclusion:

1. That the stock of wheat and flour in the country is so nearly exhausted that it cannot last longer than new wheat makes its appearance, if that long. 2. That the States of New Jersey, Pennsylvania, Delaware, Maryland, West Virginia, Kentucky, Ohio, Indiana, Illinois, Wisconsin, Tennessee, and Georgia, will not, under any circumstances, have over one-third of an average crop, and even that is yet subject to many casualties between this and harvest. What New Jersey, Delaware, Maryland, lower part of Illinois and Eastern Pennsylvania will have in excess of this quantity, will be far more than lost in the balance of the dis-

tricts named. The quantity under one-third of an average crop in the State of Ohio alone will be far greater than the excess over one-third named in the districts above. This county will not produce half as much as the seed sown, so say many of our best farmers. A large portion of the farmers throughout the Western States are now buying their bread, a thing they were never known to do before; but they did not raise enough last year to seed and to bread them until this harvest, and I know some who have already commenced buying wheat and flour for next year's supply, and have had applications from some farmers for seed for next fall's sowing, saying there would not be half enough in this county for seed next fall, to say nothing about bread. It is too early yet to make any reliable calculations about the growing spring wheat crop, which, owing to late heavy frosts and other causes, was later in sowing than usual. Though, from the information I have, there has been more than the usual quantity of spring wheat sown, much of the ground sown in fall and winter wheat having, after the failure of that, been plowed up and spring wheat sown on it. The average of the spring wheat crop of 1865, I believe, is considered to have been a very good one, and will not probably be any better, if as good, this year. It has certainly not had as favorable a start as last season. Last year it was sown early, this year very late, some of it as late as the 10th of May. The agricultural report from Washington for February, 1865, gives the crop for the following States for 1864 as follows:

States.	Bushels.
New Jersey	1,582,113
Pennsylvania	12,523,404
Maryland	6,487,946
Delaware	1,054,916
Kentucky	3,882,275
Ohio	20,407,503
Indiana	22,321,376
Illinois	33,371,173
Wisconsin	14,168,317
Total crop for 1864	115,799,071
In the nine State named above deduct estimated crop for this year	38,599,690
Estimated deficiency in the nine States this year, as compared with the year 1864	77,199,381

Now, as shown above, or is claimed by the Cincinnati Chamber of Commerce, the crop of 1864 was considered an average crop, which was, as reported by

Commissioner Newton.....160,695,823

And as shown above was the quantity we should have had on hand last harvest, for the consumption of the current year, which I claim will be exhausted before the new crop is ready for market. Deduct from this average crop the deficiency this year, estimated for the nine States above named..... 77,199,389

83,496,434

Giving us for the use of the country for the next year, 83,496,434 bushels against 160,695,223 bushels consumed in the current year, or the coming crop deficient in wheat and flour for the consumption of the next year, 77,199,389 bushels. Where is that deficiency to come from? Can Europe supply it? I think not; for if my information is correct, several of the countries of Europe produced less than an average crop of wheat last year, and I have not heard of any large surplus in any country in Europe. Much of their crop of last year was, like our own, very inferior in quality, and secured in bad condition. I know many will say if we had not wheat enough for the consumption of this country, we must eat corn. I would say to those that thousands of the citizens of the West have been using corn bread for months past that never used it to any considerable extent before, and that there are thousands in the West that have not had as much as a pound of flour in their houses for some weeks past. This increased consumption of corn and also potatoes is beginning to tell on the price of these articles throughout the West. Potatoes are very high at all points, and corn is advancing in most of the corn-producing sections of the West. I am told that in the interior of this county corn suitable for bread is selling freely at $1 per bushel, and is becoming very scarce. Along the rivers and large creeks, where the great surplus of corn is produced, the price has advanced within thirty to forty days 25 to 33 per cent., becoming scarce at many points, and still advancing, and the fact of such high prices for wheat and flour at present, and in prospect, must have the effect of driving thousands to the use of anything that will answer as a substitute for flour, and as a natural consequence must greatly enhance the value of all such articles of food. * * * Since commencing the above I have received several items of information that fully sustain my opinion of short supplies and the deficiency in growing crops.

REVIEW OF THE DECADE 1857–67.

BY

H. C. CAREY.

PHILADELPHIA:
COLLINS, PRINTER, 705 JAYNE STREET.
1867.

Called upon to furnish a Preface to a new edition of one of the German translations of his work on Social Science, its author has availed himself of the opportunity thus presented for comparing with his theory the facts that have occurred in the remarkable decade that has elapsed since the date (1857) of its first appearance.

Philadelphia, June 22, 1867.

REVIEW.

§ 1. DESIRING fully to understand and properly to appreciate the men around us we study their antecedents, and thereby, in some measure, qualify ourselves for predicting their probable future. So is it, too, with nations. That we may understand the direction in which they are moving, whether toward civilization, wealth, and power, or toward barbarism, poverty, and weakness, it is needed that we compare their present with their past and satisfy ourselves as to whether their policy has tended in the direction of developing those qualities which constitute the real MAN, the being made in the image of his Creator, fitted for becoming master of nature and an example worthy to be followed by those around him, or those alone which he holds in common with the beasts of the field, and which fit him for taking place among men whose rule of conduct exhibits itself in the robber chieftain's motto, "that those may take who have the power, and they may keep who can."

Such was the design of the work that is now to be reproduced, and to which its author has been requested to furnish this present preface. That by such a mode of inquiry, and such alone, could he have expected to arrive at anything approaching to correct results, will be obvious to all who reflect how wholly useless would be any calculations as to the time or place of arrival of a ship based upon a mere statement of her actual position at any given moment, unaccompanied by information as to the rate of movement in the past, or the direction in which she was heading in the present. A decade having now elapsed since the date of the observations that then were taken and the predictions that then were furnished, and the various ships of state having steadily been moving in their various directions, opportunity is now afforded for further observations with a view to determining how far their several movements have been in accordance with the anticipations that then were made, and for thus subjecting to the severe test of actual practice the principles upon which the work itself was based. That it is which its author proposes now to do, but, preparatory thereto, he desires to ask the reader's attention to a brief exposition of the gradual development to which, and almost insensibly, he has been led, of the grand idea of the UNITY OF LAW, so soon, as he believes, to be adopted as the necessary complement of the great one so recently developed, but already so almost universally admitted, that of UNITY OF FORCE.

The first step, so far as regarded Societary Science, ever made in that direction, consisted in furnishing *a theory of value* so simple that, in the words of one of the highest authorities in economical science, "there

could not arise a case in which a man should determine to make an exchange in which it would not be found to apply."*

Up to that date, amid the many suggestions as to the "nature, measure, and causes of value," there had been none, to quote again from the same high authority, that had not proved to be "liable to perpetual exceptions." The law then furnished was that of *the labor saved*, the limit of value being found in *the cost of reproduction*.† Subsequently adopted by an eminent French economist,‡ it has been made known to tens of thousands who had never seen, or even heard of, the work in which it first was published.

Simultaneously therewith was demonstrated the existence of a natural *law of distribution* applicable to any and every case that could by any possibility occur, whether between the landlord and his tenant, the laborer and his employer, the lender of money and its borrower, the owner of ships and the man who sought to freight them. Likewise adopted by M. Bastiat, and characterized by him as "the great, admirable, consoling, necessary, and *inflexible* law of capital,"§ it constitutes the second step in the direction of proving that in each department of the social relations there is perfect unity, and that the whole are as much subjected to law, absolute and inflexible, as are those of inorganic matter.

Ten years later, another step in the same direction is found in the proof that then was furnished, that in the great work of developing the powers of the earth at large man had always, and necessarily, pursued a course identical with that he is seen to have pursued in reference to each and every of its parts, passing from the poorer to the richer soils precisely as he had passed from the use of stone to that of copper, from copper to iron, and thence to steel; and from the use of mere human power as the exclusive means of transportation, through the ox and the horse, the cart and the wagon, until at length he had reached the railroad car."‖ Here again we have a unity of law and a harmony among men, directly

* "Carey, and after him Bastiat, have introduced a formula *à posteriori*, that I believe destined to be universally adopted; and it is greatly to be regretted that the latter should have limited himself to occasional indications of it, instead of giving to it the importance so justly given by the former. In estimating the equilibrium between the cost to one's self and the utility to others, a thousand circumstances may intervene; and it is desirable to know if there be not among men a law, a principle of universal application. Supply and demand, rarity, abundance, etc., are all insufficient, and liable to perpetual exceptions. Carey has remarked, and with great sagacity, that this law is the labor saved, *the cost of reproduction*—an idea that is, as I think, most felicitous. It appears to me that there cannot arise a case in which a man shall determine to make an exchange, in which this law will not be found to apply. I will not regard it as equivalent, unless I see that it will come to me at less cost of labor than would be necessary for its reproduction. I regard this formula as most felicitous; because, while on one side it retains the idea of cost, which is constantly referred to in the mind, on the other it avoids the absurdity to which we are led by the theory which pretends to see everywhere a value equivalent to the cost of production; and, finally, it shows more perfectly the essential justice that governs us in our exchanges."—Ferrara: *Biblioteca dell' Economista*, vol. xii. p. 117.

† Carey. Principles of Political Economy, vol. i., Philad., 1837.

‡ Bastiat. Harmonies Economiques, Paris, 1850. § Ibid.

‖ Carey, Past, Present, and Future, Philad., 1848.

opposed to that discord which resulted necessarily from the idea that whereas, in regard to all the *parts* of the earth out of which machines were made man, was always passing from the poorer to the better with steady improvement in his condition, when he came to the occupation of the *whole* he pursued a course that was entirely different, passing always, and necessarily, from the richer to the poorer soils, and thus bringing about a state of things in which a constantly increasing portion of the human race must "regularly die of want." On that occasion, it again was shown that unity of the law by which the whole was governed tended necessarily and certainly towards harmony among those for whose use the earth had been created.

Further reflection having led him to the conclusion that the laws which thus far had been exhibited were but parts of a great and harmonious system instituted for the government of matter in all its forms, whether those of coal or iron, fish or birds, clay, corn, oxen or men; that the Creator of the Universe had not been obliged to institute different laws for government of the same matter; that the physical and social laws were, therefore, one and the same; and, that the idea of *unity of law* must, at no distant day, become as clearly susceptible of proof as is now so rapidly becoming that of *unity of force;* he availed himself in the work of which the present is a condensation,* of the familiar phenomena of heat, motion, and their effective forces in the physical world, for illustration of corresponding facts and forces in the societary one—the result having been that of showing that, with societies as with individual men, physical and mental development, health, and life, had always grown with growth in the rapidity of circulation and declined as the circulation had been arrested or destroyed.

§ 2. In the decade that has since elapsed the accumulated contributions of leading physicists have gone so far towards demonstration of the doctrine of the correlation and conservation of the forces known in their several distinctive manifestations as heat, light, electricity, magnetism, and chemical affinity, that it may be now regarded as entirely established. The new philosophy resolves all these subtle agencies into modes of motion, asserting that they are all capable of mutual conversion; that they are one and the same force, differing only in its manifestations and effects; that their various mutations are rigidly subjected to the laws of quantity; that the force of the form assumed is the precise equivalent of that which disappears; and, therefore, that every manifestation of force must come from some pre-existing equivalent force, and must give rise to some subsequent and equal amount of force in another form. Originating with Count Rumford and Sir Humphrey Davy, this grand idea was left to be rounded into its present fulness and symmetry by a host of men of the present day, among whom may here be mentioned Grove and Helmholtz, Meyer, Faraday, Liebig, and Carpenter.†

The identity and convertibility of these subtlest of forces have abundantly justified the analogies which had thus far been assumed between

* Principles of Social Science, 3 vols., Philad., 1857–59.

† The several writings of these authors on this subject have been collected and published by Professor Youmans, with an introductory preface, to which the author here acknowledges his obligations.

the heat and motion of matter and the forces of societary life, but the choice of electricity, as the preferable analogue, would give us now a greatly larger and happier application of the correspondence. Retaining all the persistency of the heat into which it is convertible, it presents a far more striking resemblance to the brain power which is its correspondent in societary life. So striking indeed is it, that when in the world of mind we desire to express the idea of rapid action of the societary thought and will, we find ourselves driven, and that necessarily, to the physical world for the terms to be employed, availing ourselves of those of electricity and magnetism.

So universal is this force that all the combinations and decompositions, all the processes of dissolution and reconstruction, are effected through its agency. In organic structures, vegetable and animal, that agency is intimate, pervading, and essential. Between it and the nerve force physiologists scarcely find a trace of difference, except that of absence of subjection to the human will. Ever present, it serves to vitalize the globe, and in its most obviously manifest movements, as in those which as yet are most inscrutable, it stands for the best correspondent to mental and moral action that imagination could devise.

Franklin, assuming that the fluid was simple, or uncompounded, gave the names positive and negative to its modes of manifestation. Other philosophers have preferred the names vitreous and resinous, thereby suggesting the idea of a compound nature in the fluid, and all the analogies seem to favor this presentation of the case. A mere disturbance of electrical equilibrium might perhaps explain the movements of lightning in the atmosphere, but certainly does not at all account for electric affinities of the positive and negative manifested in the various processes of chemistry.

Rubbing and rubbed bodies acquire opposite electricities, the contact and interaction requiring the sort of co-relation which subsists between an acid and an alkali. That contact is combination, not mere aggregation—distinctive individuality being here, as in every department of societary life, the condition of perfect association.

Substances assume vitreous or resinous electricity in adjustment to the conditions or capacities acting or acted upon. Woollen cloth is strongly vitreous with zinc, but with gold or iron it is resinous. Such mutations occur in all electric bodies, varying in their intensities, also, under the influence of diversely related substances. Here, again, do we find a beautiful analogy to the law of societary association—an infinitely varying adaptation to, and influence upon, the infinitely varied individualities required for giving rapidity to the societary circulation.

This force of immeasurable and resistless energy flows silently, gently, imperceptibly, through perfect conductors, supplying its currents of vitality to the whole organic world. Disturbed, resisted, or misdirected, it blasts and crushes, on the contrary, every obstacle encountered in its course; and here, again, do we find a perfect correspondence to the social force. The actual relation of each and every member of a community, as giver and receiver, teacher and learner, producer and consumer, is positive and negative by turns and relatively to every difference of function and force in his associates, the whole mass constituting a great electric battery to which each individual contributes his pair of plates. Perfect circulation

being established, as a consequence of perfect development of all the various individualities, the economic force flows smoothly through every member of the body politic, general happiness and prosperity, improved mental and moral action, following in its train. When, however, by reason of failure on the part of those charged with exercise of the co-ordinating power of the State, the circulation is obstructed, capital misused, and labor abused, the gentle vital force is converted into thunder-bolts, whose existence is made manifest by the presence of consuming fires. The broken balance rushes by a pathway of ruin to regain its equilibrium, the war of elements thus presented being the correspondent of the strife engendered by resistance to the laws of human life.

The production of electricity, or its excitation for use, requires order and relations that are full of suggestiveness to those who desire fully to understand the conditions upon which, alone, there can be a prosperous and permanent societary life. Zinc and copper plates, promiscuously piled, are mere rubbish, powerless as the fragments of any other waste. Let them, however, be connected in orderly alternation, and the range may continue indefinitely with increase of latent force, ready upon the instant when the circuit shall be completed to gather together at one extremity the whole accumulated negative, and at the other the whole accumulated positive, and thus present an active force sufficient to bind and unbind the elements of matter; to penetrate to the innermost parts of their constitutions; to subdue their resistance to its will; to shatter to atoms the largest masses; or to enable man to hold instant converse with his fellow men throughout the earth.

Turning now to the societary organization we find the precise parallel to all this, poverty and weakness being the lot of all those communities in which, as in Turkey and in Ireland, the human plates are promiscuously piled, and in which, as a necessary consequence, there is little or no circulation, wealth and power, on the contrary, growing everywhere in the ratio in which each and every pair of plates is placed in proper relation with each and every other; the vitalized circuit being thus established throughout the entire mass and made to bear, with the concentrated energy of the whole, upon every object of general interest. For the establishment of such order and consequent production of such action it is, that men, as is now being shown in all the new communities of the southern and western hemispheres, are led to grant to certain individuals exercise of the power of co-ordination, a course of proceeding directly opposed to the doctrine of *laisser faire*. The more this power is exercised in the direction of promoting rapid circulation among the plates of which the great battery is composed the greater is the tendency to development of an inspiration and an energy closely resembling the service of the lightning of heaven subdued to human use. The more the reader shall make himself familiar with the wonderful force of which, even yet, so little is known, the more, certainly, must he be struck with its extraordinary correspondence with the life forces that govern the destinies of the race, and the more must he be led to arrive at the conclusion that the author has not erred in taking it as the force required for illustrating social action, and for aiding in the study of social science.

§ 3. "To Nature," says Professor Tindall,* "nothing can be added;

* Heat considered as a Mode of Motion.

from Nature nothing can be taken away; the sum of her energies is constant, and the utmost man can do in the pursuit of physical truth, or in the applications of physical knowledge, is to shift the constituents of the never-varying total, and out of one of them to form another. The law of conservation rigidly excludes both creation and annihilation. Waves may change to ripples, and ripples to waves—magnitude may be substituted for number, and number for magnitude,—asteroids may aggregate to suns, suns may resolve themselves into florae and faunae, and florae and faunae melt in air,—the flux of power is eternally the same. It rolls in music through the ages, and all terrestrial energy,—the manifestations of life, as well as the display of phenomena, are but the modulations of its rhythm."

We have here, according to Dr. Faraday, "the highest law in physical science which our faculties permit us to perceive, that of the conservation of forces." But recently discovered, it seems now to have become the crown of the edifice of that great system of law by means of which harmony is secured throughout the whole range of matter, from the coral insects which build up islands that are to form the nuclei of continents to the innumerable suns, with their attendant planets, of which the universe is composed.

By *unity of force*, and *unity* and *universality of law*, is here intended that persistency of impulse and constancy of action in the multiform substances and subjects of natural law, which is found to follow them through all their mutations of form and modifications of office, exhibiting an infinite variety of phenomena, yet without any change of essence or of intrinsic qualities and necessary tendencies in action. The cohesive attraction which produces and maintains the forms of material things, though apparently controlling, cannot be regarded as the abolition, or the temporary suspension, of that law of gravity which governs all masses of matter at all distances; for it is not so destroyed or suspended. It clings to every atom as persistently and permanently as the existence of the atom itself, for it is a condition of its existence. The disintegrating force of gravitation abides, and is as active in the integrity of the resistant forms of things as it is when displayed in their decomposition. Nay, cohesive attraction thus exhibiting an apparent opposition to, or difference from, the attraction of the planet, is probably the very same force acting with greater effect by virtue of the greater proximity of the atoms in the defiant form; just as an under-ground water-current descends from its source in one hill, and ascends from beneath the intervening valley to the crest of the neighboring height, pressed upward to its point of issue by the very same force which carried it downwards from its spring-head. In a multitude of familiar instances we in like manner learn to find unity and even identity, where, in appearance, we seem to see diversity and opposition.

It is certain that every atom of matter must carry with it through all changes of form and action the entirety of the properties which make it what it is; else the earth and the universe would have no constitution, and could not be the subject of any law.

This doctrine is not fate, but fact; not materialism, but order, organism, law, government. In its extension to all its subjects it trenches neither upon life, liberty, will, morals, religion, nor responsibility; it

only affirms that the matter in man, as in the rest of the universe, is subject to positive, permanent, and universal rules of action, and that all of his functions which involve material agencies and relations, fall under the laws which arise out of their constitution. If by the terms mind, spirit, or immateriality, *nothingness* is meant, all inquiry, and with it all discussion is at an end, for of nothing we know nothing: but if mind is a something, a substance, an entity, it too must have a constitution and laws, and neither its will nor liberty is lawless. And surely we are safe in saying that if mind bears any relation to matter or substance, however transient in duration, it cannot be even conceived of as totally exempt from, or unfurnished with, such answering or correlative powers and properties as are necessarily required to qualify it for such co-ordinated existence and reciprocal action.

The unity of which we speak, as in all other instances in which the idea is used among men, is not identity or sameness, but the harmony of correspondence—unity by relation, fitness, or co-operation, effected by such continuity of character and force of all substances through all spheres of being, and all adaptations of use as alone can constitute a *universe* of the atoms and individualities which it embraces—of that one entire system "whose body nature is, and God the informing soul."

Physiologists exhibit the functions of human life as divided into individual, or vegetable, on the one hand, and relative on the other; the organs of the first of these classes being uniformly single, while those of the latter are as uniformly double and symmetrical There are two kinds of blood to be circulated, and for each there is a heart, the two being joined together as by a party wall, but not in any sense, as with the eyes and ears, a pair, of which each performs the same office. The life of relative functions consists in their connection with, and their action upon, the physical and societary world; and it is by means of that action that the real MAN is gradually developed. Deprived of these there would remain nothing proper to the man, and he could have no existence beyond that of a mere vegetable life—such a life as would be that of a solitary individual placed in the heart of the rich prairies of this Western continent. Of self-government—of the exercise of will—he could have none whatsoever, nature being there all-powerful, and he himself being weakness personified. Let him have a companion, and at once his proper human life is awakened; the opposing electric states of consumers and producers, givers and receivers, teachers and learners, having been induced, just as air awakens the quiescent lungs, and as light kindles and informs the eye, the real MAN then coming into existence, just as, by reason of association with his fellow-man, he is enabled to feel that he really has A WILL, and has ceased to be the absolute slave of nature.

The closer and more intimate the contact of these men, and the more rapid the circulation of ideas and services, the greater is the tendency toward development of the faculties peculiar to each, toward further combination, further friction, and further rapidity of circulation. Other men, their wives and children, now arriving, the phenomena are with each and every step in this direction repeated and intensified, human force steadily growing at the cost of Nature, and man obtaining by slow degrees that exercise of Will so entirely at first denied. Population

steadily increasing, there arises that diversification in the demand for human force which leads to new developments of the various faculties of each and every member of the association, but in order to such development there must be that orderly arrangement which we see to be required in a galvanic battery, producers and consumers—the electric poles—being brought in close relation with each other. The closer those relations the more rapid becomes the circulation, and the more the power of self-government. The greater that power the more rapid is the growth of man's ability to compel Nature to yield in full abundance all the things required for maintenance and enjoyment of life and for further development of human force; and the more rapid the growth of that feeling of responsibility which scarcely at all exists in the barbarian, the slave, or the pauper of civilized life. The more these great questions shall be studied the more will it become obvious that man —the real MAN, capable of the exercise of Will and responsible for his actions—holds his existence in virtue of laws of universal force and effect, and, that the teacher who fails to familiarize himself with them, and with their bearing on societary and Christian life, fails in the performance of his duty to his Creator and to his fellow-men.*

§ 4. For the production of a sound state of morals it is indispensable that there be that freedom of the will which results from having power to direct to human service the wonderful forces of nature. That such power may exist it is as indispensable that there be in the societary body that same orderly arrangement of the positives and negatives—producers and consumers—which is seen in every well organized factory, in every properly appointed ship, in the administration of every well conducted road. To that end it is needed that there be such prompt and vigorous exercise of the power of co-ordination as may be required for removing obstacles to the societary circulation, and for enabling each and every of the millions of pairs of plates of which the battery is composed to be put in relation with each and every other. How wonderful is at times the effect of such action is shown in the case of Spain, as exhibited in chapter ix. of the present volume, and yet further in the following passage from a recent work describing the same period there referred to, that in which the discovery of the compass and of the art of printing, and the establishment of order throughout the kingdom, combined for producing the electrical effect that is here described:

"The human mind is like a hive. The dormant mass seems dead; but shake it and you will find that it is alive. Another shake—and your ears are struck by a low and confused hum—a murmur of discontent perhaps at its repose being disturbed—and then comes out a flight of

* "We must improve the sanitary condition of the people. Until this is done, no civilizing influence can touch them. The schoolmaster will labor in vain; the minister of religion will labor in vain; neither can make any progress in the fulfilment of their mission in a den of filth. Moral purity is incompatible with bodily impurity. Moral degradation is indissolubly united with physical squalor. The depression and discomfort of the hovel produce and foster obtuseness of mind, hardness of heart, selfish and sensual indulgence, violence and crime. It is the home that educates the family. It is the distinction and the curse of barbarism that it is without a home; it is the distinction and the blessing of civilization that it prepares a home in which Christianity may abide, and guide, and govern."—BAKER. *The Common Nature of Epidemics.*

thoughts, which, like busy bees, scatter far and wide, some distilling honey, and others checking intruders with their sharp stings. It is not astonishing that, in such a reign, during which the mind and soul were so much excited, literature, the arts, and sciences should have acquired such a prodigious development, particularly when fostered by the favor of a princess who patronized them with fond love and intelligent appreciation. Pompey had boasted that, if he stamped his foot, armies would spring up from the bosom of Italy. At the gentle beckoning of Isabella, there sprang up in Spain a host of men who distinguished themselves as theologians, jurists, historians, physicians, astronomers, naturalists, lyrical and dramatic poets, linguists, musicians, and successful explorers through the whole range of human knowledge."*

Compare with this the present poverty, the famines, the wretchedness, the demoralization of Ireland, of India, of Turkey, and then inquire into the causes of the existence of so deplorable a state of things, and it will be found that it results from the fact that their people exercise no Will—that the several nations are mere creatures in the hands of others that allow no power of self-government. Turn then to the advancing countries of Europe, and see that they become more moral in the proportion that they acquire self-direction, and that the power for such direction grows in the precise ratio of the judicious exercise of the power for so co-ordinating the various forces of society as most effectually to bring into connection the opposing electric poles, and thus most to stimulate the rapidity of the societary movement.†

§ 5. Self-reliance, and the power to command the confidence of others, grow with growth in the habit of self-government. To the individual who has them in possession they constitute forces always applicable to his service, and as much constituting portions of his capital as do the skill of the mechanic, the scientific knowledge of the chemist, or the learning of the judge. Both grow and extend themselves throughout a community in the direct ratio of that judicious exercise of the co-ordinating power which is required for removing obstacles to association, and for enabling producers and consumers—the positives and negatives of the great battery—to put themselves in close relation with each other and thus to make prompt demand for all the human forces that are from hour to hour produced.

* Gayarré. Philip the Second, p. 322.

† That the scientific method of inquiry is inadequate, and inapplicable to the higher study of man, is a widely prevalent notion, and one which seems, to a great extent, to be shared alike by the ignorant and the educated. Holding the crude idea that science pertains only to the material world, they denounce all attempts to make human nature a subject of strict scientific inquiry, as an intrusion into an illegitimate sphere. Maintaining that man's position is supreme and exceptional, they insist that he is only to be comprehended, if at all, in some partial, peculiar and transcendental way. In entire consistence with this hypothesis is the prevailing practice; for those who, by their function as teachers, preachers and lawgivers, profess to have that knowledge of man which best qualifies for directing him in all relations, are, as a class, confessedly ignorant of science. There are some, however, and happily their number is increasing, who hold that this idea is profoundly erroneous; that the very term "human nature" indicates man's place in that universal order which it is the proper office of science to explore; and they accordingly maintain that it is only as "the servant and intepreter of nature" that he can rise to anything like a true understanding of himself.—Youmans. *Lecture on the Scientific Study of Human Nature.*

That this is so will be seen on careful examination of the operations of all those communities of Europe whose policy tends to give to its farmers so much of self-government as results from exercise of power to choose between a domestic and a foreign market. That the reverse of this exists in all the cases in which producers and consumers become more widely separated—that the moral force declines as the circulation becomes more and more obstructed—will be seen on study of the past and present course of things in Ireland, India, Turkey, and all other countries in which, by reason of failure to exercise the co-ordinating power, the men who cultivate the land become more and more dependent on distant markets, and more and more deprived of power to determine for themselves whether to sell in the near or distant one. Poor, wretched, and wholly dependent on the will of others, they and all other countries similarly situated, furnish abundant proof of the accuracy of the *North British Review*, (March, 1867) in asserting that it is only "in the free development of the natural forces, whether of morality, intelligence, or of material wealth," that the "balance of power" will be found, and, that "it will be always held by the country which, in proportion to its powers, has economized its material resources to the highest point, and acquired the highest degree of ascendency by an honest and constant allegiance to the laws of morality in its domestic policy and in its foreign relations."

That "balance" has for a long period been mainly held by France and England, the two nations that, of all others, have been most persistent in their determination so to exercise the power of co-ordination as to bring into close relation their own producers and their own consumers, and thus to establish orderly relations among the many millions of human positives and negatives of which their populations have been composed; although now, of all, the most determined to urge upon others rejection of the policy they have so long pursued. The reason for this may perhaps be found in the fact that that "balance" tends to pass into other hands, and for the Eastern continent into those of a people of Central Europe which stands now indebted for the power it has so lately manifested to its adoption of that system which had been elsewhere seen to tend so largely to the development of all "the natural forces, whether of morality, intelligence, or national wealth"—that one under which man has been most enabled to obtain perfect exercise of the power to will, and that under which, for that reason, he himself has become most moral, and credit most developed.

§ 6. In the author's definition of capital first given, mental and physical force were alone included. To this, as the reader will see (chap. xxxiii.), is now added that moral force to which is due the existence of a credit system that has in all advancing countries assumed such large proportions, although but recently it had, in most of them, so slight existence.

Since the publication of that work a very voluminous writer has given to the world a new system, an essential feature of which is found in the assertion that "credit is capital, and debts are wealth."* Were this so, the man whose expenses so far exceeded his income as to render it necessary with each succeeding year to place a mortgage on his paternal acres, would be steadily adding to the wealth of the community; while his provident neighbor, of equal means, whose income and expenditure

* McLeod. Dictionary of Political Economy, article, Credit.

were regularly made to meet, would not. Were it so, the community that maintained large armies, and thus produced a necessity for making large additions to its funded debt, would be adding largely to the country's wealth; whereas, its more modest neighbor, occupied in paying off existing liabilities, would be, with each successive day, so far as governmental action was concerned, becoming poorer than before!

Wealth grows with growth in the power to command nature's services. Its existence manifests itself—

Not in the possession of telegraph poles and wires, but in the *power* thence obtained for speedy transmission of ideas:

Not in the railroad track, its cars and engines, but in the *power* thence obtained for cheap and speedy transportation of men and merchandise:

Not in the circulating note, but in the *power* thence obtained for making a single piece of gold do the work for which, in its absence, an hundred might be needed:

Not in the debt itself, but in the evidence thereby offered of the existence of a moral force, giving *power* to contract the debt.

At first, Mr. McLeod's suggestions attracted considerable attention, but since that time have so far passed away that they would not now be mentioned were it not that the author deems it proper to show that they differ wholly from those he has above propounded.

These things premised, we may now enter upon that review of the past decade to which he has above referred.

§ 7. Ten years since the author expressed the opinion that Germany, whose "national sin for the last two centuries," according to Chevalier Bunsen, "had been poverty, the condition of all classes with few exceptions"—Germany which but thirty years before had been held to be so greatly overpopulated as to warrant the suggestion of a resort to infibulation as the only remedy,*—then already stood "first in Europe in point of intellectual development," and was "advancing in the physical and moral condition of her people with a rapidity exceeding that of any other portion of the Eastern hemisphere."†

Since then, an empire has been created embracing a population little short of 40,000,000, among whom education is universal; with a system of communications not excelled by that of any other country, with the exception of those provided for the very dense populations and limited territories of England and of Belgium; with an internal commerce as perfectly organized as any in the world, and growing from day to day with extraordinary rapidity; with a market on the land for nearly all its products, and, as a necessary consequence, with an agricultural population that grows daily in both intelligence and power; with a mercantile marine that now numbers more than 10,000 vessels; with a public treasury so well provided that not only has the loan authorized at the close of the late war remained unused, but that it has been at once enabled to make large additions to the provision for public education; and with private treasuries so well supplied as to enable her people not only with their own means to build their own furnaces and factories and construct

* Weinhold. *Von der Uebervolkerung in Mittel Europa.* Halle, 1829.—He proposed that *infibulation* should be established by law, and accomplished by means of soldering up all males at their 14th year, and so retaining them until they could prove that they had the means required for supporting a family.

† Principles. Chap. xxiv. § 11.

their own roads, but also to furnish hundreds of millions to the improvident people of America, to be by them applied to the making of roads in a country the abundance of whose natural resources should long since have placed it in the position of money lender, rather than that now occupied of general money borrower.

How rapid has been, and now is, progress in the mechanic arts will be seen on an examination of the following facts in regard to iron. In 1850, the product of steel was valued at $350,000. Ten years later it had reached $1,400,000. Five years still later, having meantime endowed the world with the great gift of the Bessemer process, the figure reached was $10,000,000. In 1850, the total value of pig and wrought iron was but $15,000,000; whereas, in 1865, it had grown to $55,000,000, and all this vast increase was but preparation for new and further movements in the same direction, arrangements, as we are told, having recently been made for great extension of operations.

Seeking for a high condition of morals or manners, in either England or America, no inquirer would be led to look to the mining regions of either the one or the other. Should he, however, be led to turn to Germany, he would find in a highly interesting little work recently published,* that there 10,000 miners could be congregated together at a festival, and without the slighest drunkenness or disorder, either in the day or the night that followed.

Referring to the general social condition of that country the author says:—

"If I ever turn philanthropist, it will be my object to promote all innocent amusements in my ill-used native land, where it now appears to me that our working class are the most abject and degraded slaves compared to the people here—slaves to a hopelessly hard master—not an individual, but an enormous dominant mass of money."†

Comparing it with Scotland, the land she had left behind, she speaks as follows:—

"Here are no 'gentry' to patronize or tyrannize—no one from whom anything is to be hoped; every one is dependent on his own industry alone. Add to this that all are educated compulsorily; every child goes to school; and any one will plainly understand how immeasurably superior in intelligence the working people here are to those at home."‡

How great is the tendency to union among the working people thus described is shown in the fact that whereas in 1859 there were but 183 co-operative associations, in 1865 there were 961, 839 of which were outside of the Austrian empire. More than half of these were "people's banks," the others having been formed for various purposes of production, or for facilitating purchase and consumption.

Out of the shattered fragments that five and thirty years since passed with the world as Germany, there has already been created the most important empire of Europe; one whose power for self-defence exhibits itself in the fact that it has just now given to the world the greatest improvement ever made in regard to the production of that metal in the abundance of whose use is found the highest evidence of civilization; and in that other most important one that, with only an equal

* A Summer in the Hartz Forest. Edinburgh, 1865.
† Ibid., p. 272. ‡ Ibid., p. 275.

population, the number of young men that annually attain the age fitting them for military duty exceeds that of France by the large number of 68,000,* the mere surplus being sufficient for meeting the wants of war, should unfortunately, at any time, war be needed.†

To what now, has this all been due? To the quiet and simple operation of the protective features of the system of the Zoll-Verein, long regarded by the author as the most important measure of the century, and among the most important ever adopted in Europe. Under it labor was everywhere economized. Under it, the positives and negatives of a whole nation were brought into communication with each other, and thus has been created a great battery of 40,000,000 pairs of plates throughout which there is now a rapidity of circulation scarcely elsewhere, on so large a scale, exceeded, and destined ultimately, in all probability, to produce effects throughout the Eastern continent fully equal to any that may, by even the most sanguine, be hoped for in this Western one.

The lion and the tiger—the Cæsars and Napoleons of the animal world—leave behind no evidences of their ever having existed. The little coral insect creates islands that endure forever. So is it like to be with that great monument just now, and at the trivial cost of a single week of battles, erected to the memory of FREDERIC LIST and his associates, the humble laborers to whom the world at large stands indebted for the formation of the Zoll-Verein.

* RAUDOT, in the *Gazette de France*. Quoted in the *Zeitschrift* of the Prussian Statistical Bureau, for 1866, p. 129.

† The following passage, bearing as it does upon the two great events of the decade, is given in illustration of the importance of that moral element whose development follows necessarily in the train of measures tending to bring into communication the positives and negatives of society—producers and consumers—and thus to quicken the societary circulation.

"The plain, simple, unvarnished truth I take to be, that the Prussians uniformly defeated the Austrians because, man for man, they were better and stronger soldiers. They were not so well drilled, they were worse dressed, they were not so rapid in their movements, they were far less soldier-like looking; but they were much more ready to encounter danger, they were animated with a far higher and more intelligent courage. Physically they were stronger, stouter, and more powerful men than their opponents; mentally they were immeasurably superior to the mixed hordes of Croats and Bohemians and Hungarians arrayed against them.' They knew, or fancied they knew—which comes to much the same thing—what they were fighting about; they had a strong sense of duty; they were steady, orderly, God-fearing men. From the highest general to the lowest private, they had learned how to obey; and they had implicit confidence that their officers, whether able or not, were prepared to do their duty also. All estimates of the men I have yet seen seem to me to leave out of sight the power of what I may call the religious element of the Prussian army. You may call it superstition, or bigotry, or fanaticism, as you choose; but no person who has studied the subject carefully can deny that the Prussian soldiers had a sort of reliance in their own cause, as being that of duty and religion, which was entirely wanting amongst the Austrians. The phrase of 'Holy Prussia,' about which we in England have laughed so often, when it was used by the King in his addresses to his people, had a real meaning and purport for the Prussian peasant. And so the Prussian armies, in my judgment, conquered for much the same reason that the Puritans conquered the Cavaliers, the Dutch conquered the Spaniards, and the Federals conquered the Confederates—because they were more in earnest, more thoughtful, more willing to risk their lives for a principle, whether false or true, more imbued with a sense of duty." DICEY. *Battle Fields of* 1866.

So *will* it be, provided that those charged with exercise of the power of co-ordination shall always recollect that progress in the past has been a consequence of vigorous local action; that that action tends to increase in vigor as agriculture becomes more and more a science; that agriculture is the last of all the pursuits of man to attain its full development; that upon that development depends the growth of mind and morals among the people, and of strength in the state; that the obstacle thereto is found in the oppressive tax of transportation; and that relief therefrom is to be obtained in no manner other than that of the pursuit of such measures as are required for bringing into close relation with each other the many millions of societary positives and negatives—producers and consumers, teachers and learners, lenders and borrowers—and thus providing for constant and rapid increase in the societary circulation.

§ 8. Five and thirty years since, Germany and the American Republic exhibited states of things directly antagonistic, the one to the other. The first was divided and disturbed, its internal commerce in every way embarrassed, its people and its various governments very poor, and with little hope in the future except that which resulted from the fact that negotiations were then on foot for the formation of a Customs Union, which, five years later, was accomplished. In the other, on the contrary, everything was different, the internal commerce having been more active than had ever before been known, the public treasury filled to overflowing, the national debt on the eve of extinction, and capital so much abounding as to make demand, for the opening of mines, the building of houses and mills, and the construction of roads, for all the labor power of a people that then numbered thirteen millions.

The cause of these remarkable differences was to be found in the facts, that, up to that time, Germany had wholly failed to adopt such measures of co-ordination as were needed for establishing circulation among the 30,000,000 of pairs of human plates of which her society was then composed; whereas, the Congress of the American Union had, four years before, and for the first time, adopted measures having for their object development of all the powers physical, mental, or moral of its population, all the wealth of its soil, and all the wonderful mineral deposits by which that soil was known to be underlaid. The one had failed to bring together the producer and consumer of food and wool, and had remained dependent upon traders in distant markets. The other had just then *willed* that such dependence should, at no distant time, come to an end; that producers and consumers should be brought together; and there had thence already resulted an activity of circulation and an improvement in physical and moral condition, the like of which had never before been known to be accomplished in so brief a period.

Three years later (1835), the two countries are once again found totally opposed, Germany having adopted the American system and thus provided for freedom of internal commerce, America simultaneously adopting that which to Germany had proved so utterly disastrous, and which had been then rejected. Thenceforth the one moved steadily forward in the direction of creating a great internal commerce, doing this by means of a railroad system which should so bind together her whole people as to forbid the idea of future separation. The result with the one already exhibits itself in the quiet creation of a powerful em-

pire. The other meanwhile has constructed great roads by means of which it has been enabled to export its soil, in the forms of tobacco, corn, and cotton, to distant markets, and thus to destroy the power to maintain internal commerce—the result obtained exhibiting itself in a great rebellion that has cost the country, North and South, half a million of lives, the crippling of hundreds of thousands of men, and an expenditure of more thousands of millions than, properly applied, would have doubled the incomes of its whole people, while making such demand for human force, mental, moral, and physical, as would, in a brief period, have secured the establishment of universal freedom, with benefit to all, white and black, landowner and laborer. Such have been the widely different results of two systems of public policy, the one of which looks to introducing into society that proper, orderly arrangement which is found in every well conducted private establishment, and by means of which each and every person employed is enabled to find the place for which nature had intended him; the other meanwhile, in accordance with the doctrine of *laisser faire*, requiring that government should abdicate the performance of its proper duties, wholly overlooking the fact that all the communities by which such teachings are carried into practical effect now exhibit themselves before the world in a state of utter ruin.

At the date of the first publication of the work of which this volume is a condensation, this latter system had, with the exception of the brief and brilliant period, 1842 to 1847, prevailed throughout the American Union for more than twenty years, and its results, in causing waste of labor, waste of raw material, waste and misdirection of mental power, moral and political demoralization, and steady growth of the pro-slavery belief, were therein fully and freely exhibited.* At that moment, closely following on the wonderful discoveries of Californian and Australian treasures, its political sea was, to all appearance, calm and unruffled, and its financial skies were bright, yet did the author not hesitate to predict that political and financial crises were even then close at hand. Scarcely had his book been given to the public eye when there broke upon the world the great financial crisis of 1857, the most destructive, and, to merchants generally, the most unlooked for of all that stand on record. Following on this there came the prostration necessarily consequent upon an almost entire destruction of the societary circulation that had been thus produced. So very sluggish was it, notwithstanding the continuance of vast receipts from California mines, that capital was petrified,† credit was impaired, and the rate of interest throughout the West great beyond all previous precedent. In the history of the civilized world there can with difficulty be found a parallel to the waste of physical and mental force that then was taking place. Seeing this, the writer was led to believe that the policy of *laisser faire* was costing the country not less than $3,000,000,000 a year, and he has as yet seen no reason for doubting the accuracy of the view that is thus presented.

That waste was at its height throughout the whole presidential period which preceded the rebellion. For the products of Northern

* See Principles of Social Science, Philadelphia, 1857, Chapters xxvi. to xxix.

† See note to page 10.

agriculture there was almost literally no demand among the manufacturing nations of Europe, the exports of food in that direction in the three years that preceded the secession movement having averaged but $10,000,000. Corn in the West was then being used for fuel, and thus was the producer compelled to lose not only the interest upon his capital, but the very capital itself that he had thus invested. Labor power was in excess, and men were everywhere wandering in search of such employment as would enable them to purchase food. Mills and furnaces were abandoned, and so trivial was the domestic intercourse that the stock of a number of the most important roads of the country fell to, and long remained at, an average price of less than fifty per cent. For years the country, under the system of *laisser faire*, had been trying the experiment as to how large an outlay of labor could be made for the accomplishment of any given result, an experiment directly the opposite of that which is tried by every successful producer of corn or cotton, cloth or iron; the effect exhibiting itself in the fact that the community was paralyzed, and so wholly destitute of force that had the government then found occasion to call upon the whole nation for a sum so small as even a single hundred millions, it could scarcely have at all been furnished.

The day of trial that had been predicted was, however, close at hand, three-fifths of the nation, numbering 20,000,000, then finding themselves called, without a moment's notice, to the suppression of a rebellion the most remarkable that the world had yet seen; a work that during a period of five years required, on an average, the services of more than a million of men, or more than five per cent. of the total population, male and female, sick and well, young and old. Not only were those services given, but during all that time the men employed were well clothed, abundantly fed, and furnished with transportation to an extent, and in a perfection, unparalleled in the history of the world. With them, too, were carried all the materials required for making, as it may be hoped, the monument to freedom in whose construction they were engaged as durable as we know to have been the great pyramids erected by Egyptian monarchs.

Whence came the extraordinary force that we see to have been thus exerted? How was it that a people which, in 1860, had been so very feeble could in the succeeding years have made donations to the extraordinary extent of a thousand millions of dollars a year? The answer to this question is found in the fact that the conditions of national existence had wholly changed, almost perfect circulation having been established throughout a gigantic battery of 20,000,000 pairs of plates, activity and life having succeeded to paralysis, and the societary movement having become strong and vigorous to an extent that had never before in any community been known. For the first time in the history of the world there was then presented for examination a nation in which the demand for labor and all its productions went ahead of the supply, enabling both farmer and planter to stop the interest upon capital that had so long been petrified in the crudest forms of agricultural production; and, as a necessary consequence, to make demand for the products of other labor applied to development of the mineral wealth that so much abounded, and to the conversion into commodities fitted for human use,

of the products of hills and valleys, farms and mines. The secret of all the force that was then so well exerted—one so extraordinary as to have astonished the world at large—is to be found in that simple principle, evidence of whose truth is found in the books of every trader and the records of every nation, and which is found embodied in words already given—the power of accumulation exists in the ratio of the rapidity of circulation.

What, however, was the force applied? Why was it that activity had so instantaneously succeeded to apathy—that life and energy had replaced the paralysis that had till then existed? By most persons answers to these questions would be given in the assertion that it had been caused by the demands of the government and must terminate with their cessation; and yet, of all who thus might answer there would not be found even a single one who could explain how the abstraction from other pursuits of the labor of a million of men, and the necessity for feeding and clothing them while engaged in the erection of such a monument, could, by any possibility, produce the extraordinary effects that had been here observed.

To attribute the activity and life then existing to the government demands is to substitute effect for cause. It was the force resulting from an activity of circulation wholly unprecedented in history—one precisely similar to that observed on occasion of every connection of the positives and negatives of any other great electric battery—that enabled the people, *not* the government, to make the war; and that force existed in despite, and *not* as a consequence, of such demand. That such was certainly the fact will be clearly obvious to the reader when he shall reflect, that but for those demands the whole million of men so employed might have been employed in clearing land, sinking shafts, mining coal and ores and combining the two in the forms of lead, copper, and iron; making bricks and lumber, and thus furnishing supplies of raw materials to be converted on the spot into thousands of mills and shops, large and small, and into the cloth and iron, spades and shovels, coats and hats, required for supplying a population among whom the demand for mental and physical force so far exceeded the supply as to make it absolutely necessary to build engines by tens of thousands, and thus to substitute, to the annual extent of the power of millions of men, the wonderful force of steam for that of the human arm. So applied, that same force would have produced annually of commodities in excess of what was then the actual production, to the extent of thousands of millions of dollars, every portion of which would have been in the market seeking to purchase labor, thus greatly increasing the laborer's reward. The power of accumulation would, under such circumstances, have been more trebly great, with steady decline in the rate of interest, and in the power of the capitalist to control the laborer's movements; freedom, wealth, power, and civilization, moral, and intellectual, always growing with the growth of power to place the societary plates—producers and consumers—in close relation with each other, and thus to increase the rapidity of the societary circulation.

That the wonderful activity of that circulation did not result from governmental necessities will be clear to all who carefully reflect on the facts above presented. Whence, then, came it? From the re-adoption

by the people of the Free States of the ideas, that exercise of the co-ordinating power was first among the duties of the government; that the produce of the farm ought no longer to be compelled to remain inert and losing interest while waiting demand in distant markets; that the capital which daily took the form of labor power ought no longer be allowed to go to waste; that the fuel which underlaid the soil ought no longer to remain to be a mere support for foreign rails; that the power which lay then petrified in the form of coal ought everywhere to be brought to aid the human arm; that the vast deposits of iron ore should be made to take the forms of engines and other machinery to be used sa substitutes for mere muscular force; and that all their wonderful resources, material and moral, ought and must be at once developed. Such was the intent and meaning of the nation when the Morrill Tariff, on the memorable 2d of March, 1861, became the law of the land. To that law, aided as it was by the admirable action of the Treasury in supplying machinery of circulation, does the world stand now indebted for the fact that the people of America, in the short space of five years, and at a cost of thousands of millions of dollars, were enabled to retrieve the downward steps of more than twenty years; to establish freedom throughout the land; and to save from destruction a nation of more than 30,000,000 that, by long practice on the pernicious doctrine of *laisser faire*, had been brought so near the verge of ruin that its escape therefrom constitutes now the most remarkable event in the history of the world.

Adding the capital that was only paralyzed to that which was absolutely wasted in the presidential period that preceded the war, we obtain an amount thrice greater than would, had it been so applied, have built and stocked as many mills as are in all Great Britain employed in the conversion of wool and cotton into cloth; as many furnaces as there are occupied in converting coal and ore into lead, copper, and iron; and as many mills as are now engaged in producing bars; to sink as many shafts as would have been required for giving to human labor all the aid that there is seen to result from a consumption of coal said to furnish power to an extent equivalent to that of six hundred millions of men; and to double the quantity and money value of production, to the great advantage of all, borrowers and lenders, employers and workmen, traders and manufacturers, builders of railroads and owners of ships, there being a perfect harmony of all real and permanent interests. A part, and but a small part, of that capital was, by means of a National Free Trade System, then saved; and it was out of the saving that thus was brought about that the country was enabled to give to the great work above referred to labor and commodities equal in their annual money value to the vast sum of $1,000,000,000.

Was that, however, all it gave? That such was not the case is proved by the extraordinary voluntary contributions that throughout the whole period were made of time, mind, and material means for promotion of the comfort of those who were in the field, as well as of those whom they left behind—contributions that are as little to be paralleled as is the magnitude of the work then needed to be performed. The more that this history shall come to be studied the more will the student be led to the belief that moral as well as material force constitutes capital; that

both grow with growth in the rapidity of circulation ; and that growth in this latter is wholly dependent upon discreet exercise of the power granted by the people for so directing the societary movement as gradually to remove the many obstacles standing in the way of perfect association and combination.

Among the most remarkable facts of the decade may here be mentioned the admirable conduct of millions of negro men suddenly set free, and the equally admirable conduct of a single American citizen in donating many millions to be applied to their education, and to various other benevolent purposes in both Great Britain and the United States.

Since the close of the war the Union has been unfortunate in having for its Finance Minister a man who has profited little by the experience of the past few years, and now appears to think that the shortest way to extinction of the national debt is to be found in stoppage of the societary circulation. As a consequence, all that has been gained during the war is being lost in time of peace. To what extent the losses are to be carried, or how long this system is to be endured, none now can venture to predict.

§ 9. Annihilating at a single blow the local institutions of France, the Revolution gave to the world, in lieu of the historic names of Burgundy and Brittany, Anjou and Languedoc, those of Cantal, Doubs, Lot, and eighty others, none of which in any manner connected their people or themselves with the eventful past. *Pays d'Etat* and *Pays d'Election* alike disappeared, and with them all the local life that had resulted from local exercise of power in reference to social action of high importance.* Paris, thenceforth, was to issue the decrees in virtue of which schoolhouses might be built, or roads constructed, and Préfets sent therefrom would see to their execution. Since then, the general tendency has been in the same direction—that of political centralization ; but, as at no period has it been so decided as since the establishment of the second empire, advantage may here be gained from studying the course of things in the last decade with a view to see how far it tends towards establishing the accuracy of Mirabeau's idea, that "Capitals were necessities," but that "if the head were allowed to grow too large, the body would become apoplectic and waste away"—one of the most important that could at the present time be offered for both European and American consideration. Should the facts now to be presented tend towards proving its perfect truth, then may we find therein an explanation of the causes to which must be attributed the remarkable change that so recently has occurred in reference to the place occupied by France in the eyes of Europe, if not even in those of the world at large.

Wars, causing large expenditures, are centralizing in their tendencies. Since the creation of the second empire, the moneys paid annually into the Treasury at Paris, to be thence distributed, have increased in amount more than $60,000,000, while interest on the debt has increased about $22,000,000, indicating an enlargement of the principal to the extent of probably $550,000,000, such being the natural products of the numerous

* See Principles of Social Science, vol. iii. p. 227.

wars, Crimean, Chinese, Cochin Chinese, Italian, and Mexican, in which the empire has been so steadily engaged.

Looking always outward, the empire has been steadily engaged in efforts at increasing external commerce, sometimes by enlargement of its remote possessions, at others by means of foreign treaties, and thus following in the footsteps of its British neighbor. When, however, we look to the arrangements for promoting internal commerce and thus giving life to the various local centres, we are met at once by the fact that France, the country that, with Belgium, constitutes the great highway of the world, with a population of 38,000,000, a territory containing 200,000 square miles, an army of 600,000 men, a fleet that costs little less than $50,000,000, and a taxation yielding $350,000,000 annually, has but 8000 miles of railroad, a quantity little greater than is now possessed by the three adjoining States of Pennsylvania, New York, and New Jersey, with a population of 8,000,000, and a territory of 100,000 square miles.*

* The following passage from a recent speech in the *Corps Legislatif* exhibits the effects of the system above described:—"Farmers had been recommended to raise less corn, to form pasture lands. That advice was very easy to give; but to put it in practice resources were required which agriculture could not always command. What, then, were the remedies to be applied to the sufferings and embarrassments of agriculture? Nobody wished to see the price of bread raised; the duty of the farmer was to produce as much corn as possible at the lowest possible price. But to contend with foreign competition the existing legislation would require to be modified. All the great works promised by the Emperor should be executed without loss of time, whether relating to the canals, railways, rivers, or vicinal and departmental roads. The water courses were also in a very deplorable state. Boats coming from the sea, and only drawing a yard of water, were unable last summer to ascend to Paris; and the canals opening into the Seine were in a similar condition. The works to be executed to improve the navigation of the Seine between Paris and the sea would cost six millions, but they would produce a saving in the price of transport of seven millions a year. The same may be said of other rivers. The government should modify its system of public works by concentrating them on five or six principal routes; the navigation of the great streams should be first attended to; then the canals, and those improvements should be executed, not simultaneously, but one at a time, so that the sums expended might be rendered productive at once. (Hear, hear.) Agriculture should be relieved of some of the heavy imposts with which it is burthened. When the great economic reform was carried out, customs duties which weighed on industry were sacrificed to the amount of a hundred millions. Agriculture has, nevertheless, the same right to relief as manufactures. (Assent.) When the enterprises in which the country is engaged are brought to a close the surpluses should be applied to the amount of fifty millions or more to remove some of the burthens from the farmer. The land tax and registration dues paid by the rural districts amount to about four hundred millions. But while awaiting a reduction in the charges, an equality between foreign and French corn may be established by imposing a duty of two francs per hectolitre on the former, for before a hectolitre of French produce has left the farm it has paid at least two francs of taxes. Agricultural credit must also be established on new bases. The government has, indeed, made several attempts to do so, among others that of the foundation of thé Credit Foncier Company, which has lent a great deal of money to the towns, but has rendered but slight services to the growers. A drainage fund was also established, and the Legislative Body voted a sum of one hundred millions, but not more than one million three hundred thousand or one million four hundred thousand francs have been lent to agriculture." The direct effect

Examining these latter, we see how ill they are even yet provided with the means of local communication, and to how great an extent their existing roads have been constructed with exclusive reference to outside commerce. Such being the case, how obvious and excessive becomes the French deficiency when we find that, as compared with the territory of the great highway of the world, their needs are, even now, better supplied in the ratio of two to one, and as compared with population that of almost five to one.

New England, *not* a highway for any portion whatsoever of the exterior world, but possessing a large internal commerce, has 1000 miles of railroad for every million of her population, whereas France has little more than 1000 for every 5,000,000. In the one, local life and activity increase with a rapidity nowhere else exceeded. In the other, the reverse effect is from year to year being more and more produced, the attractions of the capital steadily increasing, while those of minor towns and cities as steadily decline.*

Railroads are necessarily centralizing in their tendencies, but when to this is added, that the Imperial Government has been, and perhaps still is, engaged in transferring to the capital the monuments and records of the past, and thus diminishing the attraction of local centres, while incessantly engaged in enlarging and beautifying Paris, and thereby making it more and more desirable as a place of residence, the cause of the general lifelessness of local centres throughout the empire may readily be understood.

Why, however, is it, the local roads remain unmade? That it was otherwise before the revolution in the provinces which were then allowed the exercise of power for self-government, is seen in the answer to the king, made by the States of Languedoc, to the effect that they needed no aid from government for the completion or maintenance of any works of public utility whatsoever, feeling themselves perfectly competent for doing all the work required to be done.† Then, however, those people exercised a Will of their own. Now, they are subjected to that of men whose homes are found in the great central city, and who, while ever ready to aid in the construction of roads leading to and from it, feel but little interest in the cross-roads required for giving life to the smaller towns and cities, and thus bringing into closer connection the many millions of positives and negatives—producers and consumers, lend-

of the extremely imperfect system of internal communications is to prevent the people of Northern France from supplying the South with food, and the indirect one that of compelling its export to England, and thus reducing the price in the regulating market of the world. The two chief trading nations of the world are thus united in the effort to depress the prices of food and raw materials of every kind.

* "What *can* induce you to stop at Dijon?" Such was the question addressed to the author by an eminent French economist, after hearing that he proposed to spend a day in that city which for centuries had been the splendid capital of the Burgundian dukes, and as such the centre of power and rival of Paris for capital of the kingdom! There are fifty towns and cities in Germany in regard to which no German would think of putting such a question. In France, outside of the few trading cities, there is scarcely even a single one.

† De Tocqueville. *L'Ancien Régime. Appendix.*

ers and borrowers—of which the population of the empire, outside of a very few principal cities, now stands composed.

Prior to the revolution of 1848, the lenders and borrowers of various cities and towns, after overcoming many obstructions, had been enabled to come together for the formation of banks of discount and deposit. At that date, however, centralization triumphed, all local banks being then closed, and the power for corporate banking, as well as for the issue of circulating notes, being limited to the Parisian stockholders who own the few millions constituting the capital of the Bank of France. Financial and political centralization have thus gone hand in hand together.

In the decade ending 1861 the total increase of numbers was 930,000, of which no less than 531,000 were found in Paris alone, while of the small remainder the greater part were found in Bordeaux, Marseilles, and other principal cities. In all of them air and light are scarce, the proportion borne in Paris by population to space, as stated by Mons. Duval in his *Reflections on the Census of* 1866,* being nearly thrice greater than is the case even in London, and yet greater in the others. Such, says Mons. Duval, are the results of frequent wars, and of the pressure of taxation.†

As a consequence of all this it is, that population now grows so slowly that two hundred years would be required for its duplication. How far this tends to affect the position of France as regards other powers is shown in the fact, that while the number of young men annually attaining the age required for military service is stated at only 315,000, that of the newly-formed German empire is no less than 383,000, the tendency towards profitable connection of agricultural and mechanical pursuits being, in this latter, more complete, and the supply of light and air, therefore, more abundant.‡

Throughout the physical world the more rapid the motion, the greater is the force. So, too, is it in the social world. Centralization, tending as it does towards wider separation of the societary positives and negatives, tends necessarily to arrest of the one and destruction of the other. At no period has the tendency in that direction been so great as in the years of the second empire; and if we now see that France is gradually losing the position she so long had held, we may find in it confirmation of the predictions of Mirabeau as to the injury that must inevitably result from "drawing all the talent of the kingdom to Paris, and leaving to the provincials no chance of reward or motive of ambition," thereby placing them "in a state of dependence" and converting them "into an inferior class of citizens."§

Such is the present tendency of imperial action. Let it be continued, and it will become safe to predict that France will never regain that influence over European thought and action she so long had exercised.

* Republished in the *Zeitschrift* of the Prussian Statistical Bureau, 1866, p. 128.

† In the five years ending 1866, the increase was 680,000, of which a third were found in eight principal cities, nearly two-fifths of the departments meanwhile exhibiting a decrease of numbers. The ratio of increase in less than a third of one per cent. per annum, or one-ninth of that of the American Union.

‡ For the better course of things in Central Europe generally, see Le Play, *La Reforme Sociale*, vol. i. p. 430.

§ Quoted by De Tocqueville, *L'Ancien Régime*, chap. vi.

§ 10. The onward progress of Russia, as a consequence of measures tending towards bringing together the producers and consumers of the empire is exhibited, in this last decade, in the great measure of emancipation so happily effected.

Turkey, on the contrary, steadily adhering to the policy which looks to perpetuation of the farmer's dependence on foreign markets, and to increase of the taxation of trade and transportation, has steadily declined, the "sick man" passing slowly forward toward the grave, doing this, too, in despite of numerous proclamations of changes in the constitution, each of which, in succession, as the world has been assured, was to produce effects so important as to insure revivification of the empire.

Little more than a dozen years since France and England, the two leading nations of Europe, formed an alliance having for its object the defence of Turkey against Russia, and the continued maintenance of the former in its then existing condition of subjection to the will of foreign traders. That subjection has been continued, and, as a necessary consequence, Turkey has become greatly weaker while Russia has become as greatly strengthened. In this state of things the former is again menaced by the latter, but, as her allies have no desire to repeat the lesson of 1854, she seems destined now to find that not a single stranger gun will be fired in her defence, and thus to give to the world further evidence of the fact that the man, or the nation, who would command the aid of others, must show by proper management of his own proper household that his need of help is likely to be a declining, and not an increasing, one. Such, even in Turkey, would speedily be the case could those who are charged with the management of affairs be made properly to appreciate the idea that strength and power grow with growth in the rapidity of circulation, and that the circulation becomes more rapid as the positives and negatives of society are brought into closer relation with each other.*

§ 11. Turning now to the British dependencies, we find in Canada, as has above been shown in Turkey, efforts at the correction of *economical*

* For the maintenance of anarchy throughout this unfortunate empire the ruling powers of Europe require that their consuls shall be invested with authority in reference to all cases in which their subjects may be interested. What is the effect of this *imperium in imperio*, and what the character of the magistracy thus created, are thus shown in a recent work entitled *The East and the West*, a series of papers edited by the Hon. Henry Stanley, a gentleman closely allied to distinguished members of the late Administration, and one whose long residence, in official capacities, in Greece and Turkey had fully qualified him properly to appreciate the atrocities perpetually practised upon the people of the East whom it pleases those of the West to treat as mere barbarians.

"What is, moreover, the machinery actually at work for carrying out the obligations of these treaties? Consuls having the power of magistrates, but without legal training or social *status*, with no police to speak of to carry out their orders, or to cause them to be respected. The Consuls themselves are either traders or adventurers, or persons who have failed in other professions. In the Levant many Consuls are pluralists—that is, they represent, in their own persons, several Powers. On official reception-days, such a Consul pays several visits successively to the Governor, merely going out of the room to change his decorations, and having himself again announced as Consul of another country: such an official is named in Levantine French, 'Un Consul de plusieurs potences.'"

error by frequent change in *political* forms; but here, as there, wholly unsuccessful. Attributing former difficulties to political separation, the upper and lower provinces were thrown together, but with so small effect that, notwithstanding the great abundance of rich and unoccupied territory, the past few years have placed in strong relief the fact, that not only can the province not secure the many settlers who come by the St. Lawrence, but that it cannot even retain its native population. Repetition of old troubles requiring repetition of remedies we have just now a further political change, leaving wholly out of view the great economical one needed for bringing into close connection the producers and consumers of the country, as, to a certain extent, has been done in the adjoining more attractive States. When that course shall have been adopted; when Canada, passing from a state of dependence, shall begin to have *a will* of her own; when the present stagnation shall have given way to that activity which always follows in the train of rapid circulation amongst the societary positives and negatives; then, but not till then, will she have the force required for freeing herself from the humiliating necessity for asking parliamentary guarantees of loans to be created for the purpose of further facilitating export of the soil in the form of agricultural products of the rudest kind. Then, and not till then, will she begin properly to appreciate the fact that the raising of raw materials for foreign markets is the proper work of the barbarian and the slave, and of them alone.

Passing now to Jamaica, we find the decade to have furnished new evidence of the great truth, that freedom proclaimed by law is of small avail when unaccompanied by measures tending toward production of that diversification of pursuits which results from bringing producers and consumers into close relation with each other. Thirty years since the colored people of the island were declared to have been emancipated, yet has civilization made but little progress with either blacks or whites. For this the reason mainly is, that so adverse is British policy to any measures tending to the production of real freedom, that up to a recent period, as it yet may be, such were the arrangements of the British revenue system that the poor producers found themselves wholly deprived of power for so far diversifying their employments as even to be enabled to subject their own sugar to the first and simplest processes of refinement. The result exhibits itself in the fact, that oppression has recently been followed by an insurrection in the suppression of which there have been perpetrated "cruelties of which," says the London *Times*, "it is impossible to speak without shuddering."* Such occurrences strike un-

* "It is now certain that scores, and perhaps hundreds, of prisoners were flogged before being hung, and often before being tried. It is certain that some, though it is uncertain how many, were compelled to run the gauntlet, after being flogged, through a crowd of brutal spectators, who were allowed to insult them or pelt them as they pleased. It is certain that several, at least, were shot or hung without the pretence of a trial, at the caprice of an officer or subordinate. It is certain that Mr. Ramsay, the Provost Marshal, stands charged by a multitude of witnesses, black and white, with excesses for which a parallel must be sought among the infamous eccentricities of Oriental despots. It is certain, at least—for the statement rests on the authority of the resident magistrate at Bath—that he flogged with his own hand fifteen men who had never been sentenced, and were to be sent before the court-martial at Morant Bay.

pleasantly of course, for the moment, upon the British mind, but they are then again forgotten, only to be revived on the occurrence of some new atrocity, proper study of which could scarcely fail to satisfy every man sound in mind and heart that the system which looks towards making Britain "the workshop of the world," is, of all the forms of tyranny ever devised, the one that, *par excellence*, tends to the establishment of slavery as the normal condition of the man who needs to work, and to the destruction of all moral feeling among those by whom the workers are employed. Should this be doubted, they would find evidence thereof that might tend to satisfy them, by turning to Lady Duff Gordon's charming little book on Egypt and there seeing the effect produced on a high-minded and admirable woman by the conduct of her countrymen towards the Arabs, as preparation for treatment of the poor Hindoos over whom they were so soon to exercise their powers of government.* Had Lady Gordon written a little later she might have added, in a note, that the question of woman-flogging in Jamaica, by officers and gentlemen bearing commissions in the British service, had been set at rest by the admission of Captain Hole, of the 6th Foot, that he had ordered women to be flogged by the soldiers under his command, and had stood by to see it done.

Boasting of British freedom, but in Egypt holding that "nothing can be done without forced labor"—their fellow-countrymen meanwhile clinging to human slavery in America as the only course by means of which to secure abundant supplies of cheap cotton—these men arrive in India, fully prepared for participation in the work of *civilizing* a people of whom, at an earlier period, Sir Thomas Munro, perhaps the highest Indian authority, emphatically declared, that in regard to all the essential characteristics of civilization they "were not inferior to any civilized people in Europe." What is their general course of action towards the impoverished people by whom they find themselves at once surrounded, is thus described, in a speech in Parliament, by Earl Russell:

"That very morning he had received a long letter from Sir F. Bruce, lamenting the insolence and disregard of Chinese customs and feelings, which were exhibited by Englishmen in that country. He lamented their want of courtesy, and improper behavior to the Chinese, whom they regarded as an inferior race. He (Earl Russell) was afraid the same was the case in Japan. But conduct of that kind was not exhibited to the Chinese and Japanese alone; for he found,

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It is probable, moreover, that men were bribed with the hope of life—a hope not always realized—to betray their accomplices; that persons accused of crimes were refused permission to call witnesses in their defence, and that some were executed, the only proof of whose guilt was their being found wounded. These are things which cannot be dismissed with common-places about the dire necessities of war, and the unfairness of scrutinizing retrospectively through a microscope the proceedings of men confronted with an overwhelming danger. They are acts, not military, but judicial, done for the most part after armed resistance had ceased, and when there was nothing to prevent a deliberate separation of the innocent from the guilty."—*Times.*

* "What chokes me is to hear Englishmen talk of the stick as being the only way to manage Arabs."—*Letters from Egypt*, 1863–65, p. 105.

"It is really heart-breaking to see *what* we are sending to India now. The mail days are dreaded. We never know when some brutal outrage may excite 'Mussulman fanaticism.' They try their hands on the Arabs in order to be in good train for insulting the Hindoos."—*Ibid.*, p. 309.

in a book recently published, that the same kind of conduct was practised towards the Indian race. He could not but lament that more courteous conduct was not shown by our countrymen, and that they did not pay more regard to the habits and customs of people, whom they were pleased to regard as a race inferior to their own."*

To those familiar with statements in regard to India similar to those here referred to by Lord Russell, that at various times have appeared in British journals, the occurrence of the great event in Indian history of the last decade, must have afforded as little cause for surprise as did the horrible circumstances which followed the suppression of the rebellion, thus described in a recent article (January, 1867) of the *Westminster Review:*

"A historian of some promise has said that he knows nothing in early English history, except William's devastation of the North, that approaches the horrors that our troops have committed in putting down the Indian revolt, a judgment that appears to be confirmed by Captain Trotter's statement, p. 284, when, speaking of Lord Canning's clemency, he says:

"'When the gallows, the cat, the torch, were threatening to blot out the last distinctions between guilt and innocence, to turn whole districts into graveyards, deserts, haunts of beggared or fear-stricken outcasts, it was time for some voice of power to cry out upon the folly, the savage meanness, of overdone revenge. In thirteen days alone of June and July, one commissioner had sent to the gibbet forty-two wretches guilty, all save one murderer, of nothing worse than robbery, rioting, or rebellion. Some of them paid with their lives for having goods or money—even bags of copper half-pice—about which they failed to give any plausible account. In less than six weeks up to the 1st of August, some hundred and twenty men, of whom none were Sepoys, and only a few were of higher rank than villagers, servants, policemen, had been hanged by the civil commissioners of one county alone. Of course, in many cases, the evidence against the prisoners seemed strong only to minds that saw all objects through a film of blood. *Of the numbers arrested, not one in ten appears to have escaped some form of punishment, not two to have escaped the gallows.*'

"This is the way in which Englishmen sometimes recommend their civilization and illustrate their Christianity in British dependencies, not without sympathetic applause from excitable compatriots at home."

The picture here presented would be more complete had it been accompanied by an estimate of the value of the booty obtained in Hindoo cities, together with a list of the chief officers who participated in division of the spoil.

Of all men the thorough trader, whether in slaves or merchandise, is most merciless. Of all pursuits there is none so well calculated to deaden, if not utterly to destroy, all the best feelings of the human heart as is a thorough devotion to trade; and yet, when seeking a definition of political economy, we turn to the most recent work of an eminent French economist, we find it there described as being the science which treats only of buying and selling, or in other words, of Trade!

But a few years previous to the occurrence of the Indian rebellion there occurred in Denmark a very serious one, the suppression of which was followed by no occurrence prejudicial to either the life or the limb of any of the parties who had been engaged therein. Since then there has occurred on this Western continent the greatest rebellion on record,

* The East and the West; or, our Dealings with our Neighbors. Edited by the Hon. H. Stanley. London, 1866.

yet has the last State prisoner been but now discharged and left to wander throughout the world at his own perfect pleasure. The reader who may now compare American conduct towards Jefferson Davis with the British treatment of the unfortunate Nena Sahib, hunted as he was like a wild beast, may be led, perhaps, to doubt the civilizing tendencies, whether as regards the foreign master or the native slave, of a system which leads its advocates to talk to the poor Hindoo of a religion whose base is found in the grand idea of doing to others as they would that others should do to them, while tendering with one hand the piece of shoddy cloth, and directing with the other the bayonet required for retaining in "festering and compulsory idleness" the "vast heaps of humanity that now encumber the soil of India,"* and that should be employed in converting wool into cloth.

Shortly previous to the rebellion the post of Finance Minister of India was tendered to Mr. Wilson, long editor of the *Economist*, and by him accepted. Thorough free trader as he had always been, but little study on the spot was required for satisfying him that a change of policy had become entirely indispensable, and for leading him to the adoption of measures tending towards protection of the yet remaining manufactures of that magnificent but impoverished country. For this he and the new policy were forthwith denounced in the most unmeasured terms, and such pressure was brought to bear upon the Indian government as to forbid continuance of the trivial protection that had been allowed. Since then, India has profited largely by diminution of the supplies of American cotton, yet has the world been now again compelled to read of famines, of destruction of life, of general demoralization, such as flow necessarily from a system that looks to compelling the poor cultivator to exhaust his land by sending its produce, in its rudest state, to foreign markets, and such as are here described :—

"The crop fails again, and the peasant sees that it is death instead of ruin which now threatens him. Rice is unprocurable within a hundred miles, and would cost him a shilling a pound to bring it into his village. The cattle are killed, but not eaten; the seed-corn is consumed; the family is reduced to a few potatoes, or jungle berries, or fish, and of these eats only once in two days. The children die one by one, the weakest first, and then the aged, and the women—kinsfolk, wives, sisters, dropping daily, till the few who are permitted by Hindooism to bury the dead are overtaxed, and life seems to each man ended for him. Then the men give way slowly; they have been starving quietly for months, till they are worn to that horrible aspect which Sir S. Barker has sketched in one of his chapters, an aspect under which human beings look like enlarged spiders, and men have no calves and no thighs, and no flesh whatever on the head, and no strength even for the commonest household duties. * * * * * There is no rich man, the absence of a perpetual settlement prohibiting agricultural wealth, the nearest European is forty or fifty miles away, and the

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* Chapman. Cotton and Commerce of India.

"The missionary has lately entered into such close partnership with the trader that the people of the countries they wish to 'open up' must be in doubt whether it is our Bibles or our broadcloth, our cotton or our Christianity that we most desire to force upon them, and the attempt to compel them to accept a spurious Christianity and shoddy manufactures by means of bayonets and cannon is not likely to be permanently successful."—*Free Press*, London, April, 1866.

solitary hope is the far-off and impersonal "Shirkar," the State. If that does not help, the village perishes. This has been the scene repeated for five months in all the villages of Orissa, of a province that is of the area of England and Wales, with a population estimated at five millions. Hundreds, it is quite possible, thousands, of villages have been so situated, have, there seems no reason to doubt, so perished, more especially in the hilly and jungle-covered interior. Where a town existed the people fled to it, till in Balasore they dropped dead of hunger at the rate of 126 a day, and the magistrate reports that he was compelled to leave them unburied for three days—equivalent to three weeks in England—for there were not enough of low caste men to bury. The European assistants found the dead all along the roads with the dogs feeding on their bodies. They could do nothing, for money could not purchase food; they themselves were importing bread from Calcutta, and rice could only be shipped in sufficient quantities by the State, and even then, the cattle being dead, could only be carried into the interior by driblets. Imagining the entire crop to have failed twice in Ireland, and the sea closed against imports, we may gain some idea—an imperfect one—of the misery spread over Orissa, where, except the crop, the people have absolutely nothing, *their old salt manufacture having been suppressed.*"

The salt manufacture, one that had endured for ages, had been suppressed. Why? That salt might be made scarce, and that the government might be enabled to realize large revenue from the sale of a limited quantity of that indispensable article of food! That its price might be high, and that the product of British mines might be enabled to compete in Indian markets with that of Hindoo laborers! Great was the rejoicing in Britain when the salt manufacture was prohibited, and when the people of Orissa were thus driven from an industry that, had it been maintained, might have sufficed for preventing the immolation of a million of its unfortunate inhabitants at the shrine of British free trade.* In this manner it is that *civilization* has been diffused throughout British India in the last decade.

The people of Australia, having found that under the system of *laisser faire* the country was rapidly becoming "a huge sheep-walk;" that "their farmers could no longer struggle in the face of discouragement and disaster;" that "their youth were growing up in a state of semi-barbarism, without education, without employment, and without hope for the future;" that "their manufactories were falling into decay, their capital was idle, and the whole body in the saddest state;" determined two years since on the adoption of measures such as seemed to be required for bringing together the societary positives and negatives—producers and consumers; a course of action in which they naturally found themselves opposed by all the birds of prey among them—all those who profited by means of buying wool cheap and selling dear the cloth the shepherds needed.

What has thus far been the result of this change of policy we are not advised, but the mere fact that the people are so far awake that a large

* The report of the Famine Commission of India is severe in its condemnation of the Board of Revenue. The Commissioners estimate the mortality in Orissa and Midnapore as certainly not less than one-fourth of the whole population, but state that they have no trustworthy statistics of the whole population of the province. The statistics vary from three and a half to five millions, which would make the mortality from three-fourths of a million to a million and a half, in an area of twenty-eight thousand seven hundred and thirty-six square miles, or half that of England and Wales.

majority has already pronounced in its favor furnishes evidence that the day cannot be now far distant when Australia must decide on having *a Will* of its own, and thus bring to a close its dependence on distant men who, desiring that the Australian farmer may obtain the smallest price for the things he needs to sell, and pay the largest for those he needs to buy, seek by all the means in their power to promote increase of competition for the *sale* of wool and for the *purchase* of cloth.

Such is the sad condition of the several principal dependencies of Britain at the close of the second decade of a system that was, as we were assured, destined to bring about "the moral regeneration of the world."* How it is with the Central Power itself we may now inquire.

§ 12. Turning now to the United Kingdom, we find the last dozen years to have presented to view wars with both Russia and China, a rebellion in India, a war in the South Pacific, an insurrection in Jamaica, and one at home, this last having occurred in that only portion of the civilized world in which a nation has been seen to be steadily passing out of existence without the aid of either guns or gunpowder, a sacrifice on the altar of trade.

The same period has furnished two monetary crises, both so severe as to have compelled the Bank to place itself in a situation to require absolution at the hands of Parliament. Add to them two periods of paralysis following these crises—a cotton famine that brought to the verge of starvation tens, if not hundreds, of thousands of poor working-people—a pauperism that now numbers in England and Wales alone, a million of subjects†—and a public expenditure that has grown from little more than fifty to seventy millions‡—and we have the chief occurrences of little more than the second decade of a system that was, as we were confidently assured, to give to the laborer happiness and comfort, to the society a steadiness of action and an economy of administration such as thus far had not been known, and to the world at large universal peace.

The more continuous and steady the action of an engine the greater is the force obtained, and the more the reason to expect continuance of its profitable existence. In the case of the societary machine every step towards proper co-ordination of its various parts—consumers and producers, borrowers and lenders—tends towards acceleration of motion and increase of the force obtained; towards equality of fortune and of rights; towards development of the individualities of each and all, with growing power of self-government, and growing sense of accountability here and hereafter, freedom and responsibility going always hand in hand together, and the machine itself tending more and more to assume the form that assures its permanence.§ Wars, crises, strikes, lock outs, and all other causes of unsteadiness in the societary action, tend to produce precisely the reverse effects, fortunes becoming more and more unequal, and the land more and more monopolized, a state of things that was well exhibited half a century since when, at the close of the great

* Duncкley. Charter of the Nations, p. 413.

† January 1, 1854, the number of paupers in receipt of relief was only 818,822.

‡ The total expenditure for the year ending January 5, 1854, was but £51,174,839.

§ See chap. xxii., section 8.

French war, rapid changes of political and financial position so greatly increased the power of the already rich to become possessors of the properties of thousands of small proprietors to whom those changes had brought entire ruin. Even then, however, there yet remained a fourth, if not even a third, of the 200,000 proprietors of the days of Adam Smith; but so great have been since the changes, and so unsteady the societary movement, that progress has been steadily made in a false direction, and to so great extent as to have warranted Mr. Bright in saying that one-half of England and Wales was then, a year since, owned by 150 persons, while of the land of Scotland a half was held by ten or a dozen persons. In the former, the whole number of proprietors, large and small, has sunk to 30,000, or less than a sixth of what it had been a century since.

With every step in that direction the place of the small proprietor, so much regarded and respected by Adam Smith, comes to be filled by the day laborer entitled to claim of the landlord, or his tenant, little beyond the minimum of food required for support of life.* With each there is increased tendency towards total separation of the laborer from the land. By the last census there was shown, in 821 parishes, a diminution in the number of houses to an extent exceeding 3000, the number of persons to be accommodated having meanwhile become 16,000 greater. As a consequence of this it is, that recent parliamentary reports exhibit a state of things so frightful as regards drainage, ventilation, the crowding of large families into single rooms, and the fearful immorality thence resulting, not only fully confirming the views presented in the body of this work, but actually going ahead of them and thus presenting a condition of manners and morals utterly disgraceful to any country claiming to rank as civilized.

"The order of the peasantry, a country's pride," says D'Israeli, "has vanished from the face of the land." Seeking their descendants we find them in receipt of from two to four dollars a week, a part of which goes for rent of a miserable dwelling,† the wife meantime earning sixpence

* In connection with the theory of Mr. Ruskin and some English political economists, that a British laborer is entitled to wages which will support him, and that the value of a day's labor is at least what a day's food and a night's lodging cost, the English estimate of how much, or rather how little, food and money will support human life in that country is curious. The Fen district laborers, for instance, get from six to fifteen pence per day, and as they generally sleep in barns, or under ricks and hedges, and have no lodging to pay for, and wear no clothes "to speak of," and are mostly young and not over healthy people, with limited appetites, their small earnings are supposed to be sufficient to buy their daily food. Respectable farm-laborers with families are presumed to be well paid at from six to twenty shillings a week for their labor, and they live on these small wages.—*Evening Post.*

† "The customary rate of wages in the South of England is from eight to nine shillings, two dollars to two dollars and twenty-five cents, subject to a deduction of one shilling or twenty-five cents per week for the rent of a cottage, where that luxury is indulged in. It is common for cottagers to have an allotment of land, which they cultivate for themselves in evening hours, and for which they pay rent at the rate of about three dollars per half acre yearly, the crop being worth about ten dollars above the rent, if the man takes time enough out of his hours of rest to cultivate it thoroughly. The laborer furnishes his own tools, which cost him at least one dollar and seventy-five cents yearly. Men also earn about twenty dollars additional for piece-work during harvest.

a day by working in the fields, and the children, by thousands, making part of "gangs" such as are here described :—

"The gang system," as recently exhibited in Parliament, "in brief is this: In the Fen districts, covering nearly a million of acres of the richest land in England, Huntingdonshire, Cambridgeshire, Nottinghamshire, Norfolk, Suffolk, and in parts of the counties of Northampton, Bedford, and Rutland, about seven thousand children, from five years of age and upwards, besides persons of both sexes of from fifteen to eighteen years of age—are employed in gangs numbering from fifteen to twenty laborers in each gang, under a master, and in a condition differing from slavery only because it is infinitely worse.

"The gang-master is almost invariably a dissolute man, who cannot get steady employment as a laborer with any decent farmer. In most instances he actually purchases the labor of the children from poor parents ; he sells this labor to farmers, pays the gang what he pleases, and puts the profit in his pocket. For seven or eight months in the year these gangs are driven, often seven or eight miles a day, to farms where they work at planting, weeding, picking, stone-gathering, and like labor, from half-past five in the morning to seven or eight o'clock in the evening. The gang-master is paid by the day or by the acre; and he pays the little children from fourpence to sixpence per day, while the older lads and girls receive from nine to fifteen pence. The master, for driving his hands to the field and for keeping them up to their work, which he does with a stick, makes an estimated profit of a pound sterling, or thereabouts, a week.

"There is testimony to show that hundreds of the younger children are carried home in the arms of the older lads every night. From working breast-high in wet grain many of the children are crippled for life by rheumatism, while others contract the seeds of ague, pleurisy, and consumption. Cases are given where little girls, four years old, have been driven through these long, terrible days of work. The most pathetic pictures presented by Mr. Wilberforce of colonial slave-driving forty years ago, make the British West Indies seem almost an Arcadia in comparison with the Fen districts in England to-day.

"This exhibition, shocking as it is, is by no means the most frightful phase of the gang system. The gangs are under no moral restraint whatever. Oftentimes at night both sexes are huddled together in barns, where, among the older boys and girls, the most shameful events naturally follow. Clergymen and other respectable witnesses testified to the Commission of Inquiry that the gang laborers are 'beneath morals.' They have no consciousness of chastity, and do not know the meaning of the word. Medical directors of infirmaries state that gang girls, as young as thirteen years, have been brought to them to be confined. Their language and conduct are so depraved that dozens of parish clergymen, surgeons, and respectable laboring people, declared to the commission that the introduction of any gang labor in any village extinguishes morality." —*Evening Post.*

Turning now to Ireland we find the country of "popular famines," from which all fly who can find the means for so doing, and from which so many did fly in the last decade that the diminution of population was nearly 800,000. Of all countries there is none that has been subjected to so many experiments, almost all having been already tried except the single one which really is needed—that one which has made of the little

They work during eight months of the year from seven o'clock until five, with a half-hour for breakfast and an hour for dinner, making nine and a half hours. In winter they work from six to five, with one hour for dinner, making ten hours of labor. If a pressure of work extends the time of labor an hour or two, no extra compensation is commonly given beyond an extra mug of ale or cider."

Corresponding with this we find, in the Northern portion of the United Kingdom, a third of the whole population of Scotland living in houses of a single room.

Belgium one of the most thriving countries of the world*—the bringing together of societary positives and negatives, producers and consumers, givers and receivers, borrowers and lenders.

Throughout the United Kingdom the increase of population was, in round numbers, 1,500,000, one-third of which was found in and near London, and another in Liverpool, Manchester, Birmingham, Glasgow, and five other cities; leaving for the kingdom at large but the remaining half million.

In the decade the disproportion of the sexes had much increased, the 704,000 excess of females of 1851 having grown to 870,000 in 1861, no allowance being made in either case for army, navy, or seamen in the merchant service.

Driven from the land, many emigrate, leaving behind those who from sex, age, or infirmity of health, are unfitted for the labors of clearing and cultivating American or Australian lands. More, however, place themselves in that limited portion of Britain in which are found the cities of London and Liverpool, Manchester and Birmingham, transferring to property in their vicinities the money value lost by the lands they had left. The result exhibits itself in the enormous wealth of ducal owners of almost entire counties, and of millionaire proprietors of city lots and houses, side by side, as the *Times* has recently told its readers—

"With crowds of men jostling, striving, almost fighting each other, for admission, not to see a favorite actor or hear a popular preacher, or to witness a prize fight or rat bait, but to gain the privilege of breaking hard stones, in a cold, muddy yard attached to the parish workhouse, for the reward of three-pence and a loaf of bread. These men," it adds, "are not clad in the usual stone-yard apparel; they wear good coats—rags are scarcely to be seen. They are men who, not very long ago, were earning from $6 to $13 weekly, to whom the very mention of the workhouse would have been contamination; and here they struggle and wrestle for its most meagre advantages." Comparisons are added of the relief afforded to the poor. "During the winters of 1865–6 the average daily number of laborers in the Poplar stone-yard, attached to one of the London poor-houses was 200, but in the week ending January 9th, 1867, the daily average was over 1000. In the last week of 1866, that poor-house gave outdoor parochial relief to 4340 persons, as compared with 1974 in the last week of 1865. This establishment," it says, "is now giving relief to its utmost capacity, and this fact, together with the announcement that nearly all the funds have been drawn out of the London savings banks—the working classes having been from four to six months without regular wages—shows that at present there is greater distress in London than has been known for a long time."

Turning now to another high authority, the *Saturday Review*, we find the effects of instability thus exhibited:—

"London Street contains no less than 250 families, no one of which, however numerous, occupies, as a rule, more than one room. Father, mother, and, it may be, six or seven children, somehow contrive to sleep together in one bed, and, in the absence of sheets and blankets, which are being taken care of by the pawnbroker, probably find some compensation for the discomfort of overcrowding in the luxury of animal warmth—a luxury all the more prized from the difficulty, in cold weather, of procuring it anywhere but in bed. The plan is cheaper for the moment than either blanket or coals, and unhappily the British

* "Belgium is Paradise Regained for everybody except the dogs in the carts, and even for them the supply of bones is perennial." Fisher. *Food Supply of Western Europe*. London, 1866.

laborer has yet to learn how much more it costs him in the long run. Enter one of these rooms at random, and the chances are that you find it tenanted by a dock-yard laborer, who, like the engineer in the *Pall Mall Gazette*, made quite enough to keep himself and family in what they consider comfort until he was thrown out of work. Now, all the work he can get is the dignified employment for Lord Palmerston's *Civis Romanus* of oakum picking at the work-house, and this procures each hungry child a slice of bread. If the wife is a good needlewoman, she can earn 4½d. a day, by nine hours of shirt making; so long, that is, as her health stands one of the most trying, both mentally and physically, of all sedentary occupations. This pays the rent. A family fortunate enough to be able thus to provide for bread and shelter, the stoic's two necessaries of life, can secure its superfluous luxuries by a little begging, a little borrowing, and a good deal of pawning. The wife in that case does not sacrifice more than half her petticoats, and the husband is not obliged to be in bed while she washes his one shirt."

On a recent occasion the Archbishop of York referred to the sad condition, physical, mental, and moral, of an extensive district of London, closing his statement with the following facts:—

"Not half the Gentile adults can read. Half the women cannot handle a needle. Our Mothers' Meeting has seventy members, half of whom, though living with men and having families, are unmarried, and this is the proportion throughout the Gentile district. Nine families out of ten have but one small room in which to live, eat and sleep. Not one family in six possesses a blanket or a change of clothing. Not one in four has any bedding beyond a sacking, containing a little flock or chopped straw (a miserable substitute for a mattress). Not one in twenty has a clock—not one in ten a book. Many of the houses are in the most wretched condition of dirt and filth—walls, ceilings, floors, and staircases broken and rotting. Drunkenness, brawling, blasphemy, and other sins are fearfully prevalent."

Speaking of one of the London poorhouses a journalist tells his readers of "naked misery wallowing in its filth, of human creatures massed together more disgustingly than hogs in a stye," thereto adding that the Poor Law Commission had expressed regret at having no power to compel remedy of the "disgraceful nuisance."*

Why is it that such things are? Because the policy of England looks to underworking the local manufacturers of the world—to driving the poor Hindoo from the loom to the field—and for that reason needs low priced labor. Because man is there daily more and more regarded as a mere instrument to be used by trade. Because, according to a writer in the *Times*, "every advance on the present rate of wages is a certain retrograde step in the direction of Protection. Let Freetraders, then," as he adds, "take care that in advocating the 'rights of labor' they are not digging a grave for free trade."

It is thus the *trade* that is to be protected, *not the people.*

The position of England is now a very unfortunate one. So long as she controlled in a great degree the supply of coal and iron for the world, and monopolized the use of steam, she remained almost mistress of the world. Just, however, as intelligence becomes more and more dissemi-

* Since writing the above the author has had, for the first time in many years, occasion to visit the asylum provided by the city in which he lives for its blind and its lame, its lunatics and its drunkards, its infants and its aged, dependent on the public for support, and has been greatly gratified at witnessing the scrupulous neatness everywhere evident, and the manifestation throughout of a Christian charity scarcely to be believed by those who have not seen it.

nated the sceptre passes from her hands. France and Belgium are rivalling her with regard to engines, and even in her own market. Germany passes ahead of her in reference to steel, and America furnishes locomotives that command the admiration of Europe at the Paris exhibition. Steam gave her power to make the law of the ocean, but steam in other hands has now, in effect, destroyed that British navy upon whose creation hundreds of millions have been wasted.* With every step elsewhere made in the development of mind her power has declined, and the tendency in that direction must increase with wonderful rapidity should success attend the present efforts at substituting fluid hydro-carbons, readily susceptible of transportation, for the bulky and expensive solid the supply of which for the world has so long been almost monopolized by Britain.

Little more than half a century since Britain dictated the law of the ocean, doing then the same on the land, and doing it by means of armies that compared favorably with those of any country in the world—the joint contributions of Ireland, the Scottish Highlands, the *statesmen* of northern English counties, and little proprietors everywhere. Forty years later, shortly before the opening of the last decade, it was with difficulty that she raised the little force required for service in the Crimean war. To-day, judging from statements in the public journals, it is found almost as difficult to keep on foot the forces required for maintaining order in Ireland and India. Seeking now the cause of the remarkable change that, as regards both quantity and quality, has so obviously occurred, we find it in the facts, that famine and pestilence have combined for rendering Ireland a place so entirely unfit for human occupation as to threaten its abandonment by all but those who by reason of disease, decrepitude, and poverty, are deprived of power to emigrate;† that the Highlanders, so long renowned for feats of arms, have been displaced by flocks of sheep; that the important class of small proprietors, intermediate between the mere laborer and the great landlord—that class which furnished Cromwellian armies and since has given to the country so large a portion of its most valuable men—has been replaced by the mere day laborer, recipient of wages in the factory or in the field.‡ The source of supply having been thus dried up, diminution of mental, moral, and physical force now presents itself as the necessary consequence.

That her position before the world of Europe has greatly deteriorated

* "Our great wooden fleet, so long the pride of Britain, the terror of the world, lies stored up in Portsmouth harbor, of no earthly use in maintaining any maritime contest. Those noble three-deckers, such as the Duke of Wellington, would be sent to the bottom by a single gun carrying a three hundred pound ball. We have, at one blow, virtually lost the fleet which had been growing up for two hundred years."—Sir A. Allison.

† In the six years ending 1863, the quantity of land in cultivation diminished to the extent of 350,000 acres. Last year, 1866, the diminution was 129,000, emigration having carried off 102,000 persons, a larger proportion of whom than usual were males.

‡ "Great Britain is the only country of the world in which the majority of the inhabitants subsist on wages, and consequently there is no other country in which the government by the greatest number would be so dangerous to property."—*Saturday Review.*

has been fully shown by one of her own ablest writers, Mr. Matthew Arnold.* The reason for the change he has described may be found in the expression of Mirabeau hereinbefore quoted, to the effect, that "when the head is allowed to grow too large, the body becomes apoplectic and wastes away"—the state of things precisely that has, under the system denounced by Adam Smith, grown up in Britain. The head is there found in a small district embracing perhaps a fifth of the United Kingdom, the body extending throughout the world and embracing hundreds of millions of people, all of whom have been so wholly deprived of the exercise of *Will* that, as in the case of the salt manufacture of India, they have been compelled to remain idle when they would have wished to work, and to buy from abroad commodities the raw materials of which they have seen going to waste at home.

England's essential difficulty is to be found in the entire absence of *a national conscience.* "In the eyes of her people," says M. de Tocqueville, "that which is most useful to England is always the cause of justice," the "*criterion* of what is right, or noble, or just," being "to be found, in the degree of favor or opposition to English interests." Such being her standard it affords no cause for wonder that she should, in her foreign relations, have adopted the Jesuit maxim that "the end sanctifies the means," publicly proclaiming that "the smuggler was the great reformer of the age; that the illicit trade in opium must be maintained even at the cost of stirring up anarchy among the hundreds of millions of Chinese people; and that, in the interests of trade, it was needed to break up the Union of these American States, even at the cost of setting at defiance well-known principles of public law.

That the "balance of power" may continue to be held by any nation there is required, as the reader has seen in a passage already quoted from the *Westminster Review*, not only development of its material resources, but also "an honest and constant allegiance to the laws of morality in its domestic policy and in its foreign relations." How far that condition is being even now complied with is shown in the following passage from a recent work already more than once referred to :—

"With regard to the foreign jurisdiction, it may be said that this system is the chief cause of wars, and that it is inexpedient for any State to incur the risks of war for the sake of securing license and impunity to the criminal class—for well-behaved people do not require the intervention of the consuls. Earl Grey has set forth in the House of Lords, what has been generally admitted, that our war with China, undertaken for the purpose of enforcing the importation of opium, weakened the government of China, so as to produce the anarchy which now desolates that country. Lord Grey pointed out last session that the foreign jurisdiction was producing the same effects in Japan, by stimulating the license of the European community, who find themselves released from all restraint; that this trampling upon the self-respect of the Japanese must lead to war; and that, after much bloodshed and expenditure, we shall perhaps reduce Japan to a state of anarchy like that we have brought about in China."†

* *Cornhill Magazine*, February 10, 1866, article *My Countrymen.*

† The East and the West, or our Dealings with our Neighbors.

The "balance" of material power is no longer in Britain's hands. That what yet remains of moral influence must speedily pass away will be obvious to all who reflect on the fact that the moral feeling of the world has been and is now being daily more and more offended—

By the spectacle of overgrown wealth at home side by side with a destitution the most complete:

By the pro-slavery tendencies of a system that at home produces a necessity for cheapening labor, and has elsewhere led to advocacy of negro slavery as the only mode by which to obtain cheap cotton:

By the spectacle of a neighbor nation—one that in the past had given to Britain her ablest statesmen and most distinguished soldiers—now passing rapidly out of existence:

By the tyranny over hundreds of millions of Asiatics, feeble as they are, that is daily exercised, and recently so well described by Earl Grey in the passage that has above been given.

Of all, however, that has occurred throughout the decade, there is nothing that, equally with the alliance between the governing portion of the British people and that portion of the American one which was engaged in the effort to establish a slave republic, has tended to destroy that moral force which constitutes so essential a portion of the capital of an individual or a nation.

"A nation," says a reflecting British writer, "which resists in principle the just social impulses natural to its history and position—which discourages those honorable social emotions with which men regard the proceedings of men—is sure to find, sooner or later, that the forces which she has thus kept back from their regular modes of expansion have found outlets and channels within her own borders less regular, and therefore more perilous and uncertain. Adherence simply to negative precepts [*laisser faire*] seldom obtains in any sphere of policy without being, in a greater or less degree, the mark of all the rest. And it is so here. * * * We fail to set to work with will and indomitable resolution at the task of relieving Ireland from anarchy. We fail to perform, or even to see clearly the pressing necessity of performing, the positive duty of devising some means, and means there must be somewhere in the minds of men, for finally uniting Ireland to ourselves and removing our heaviest reproach in the eyes of Europe. We are innocent, again, of wishing the poor and ignorant any ill, but there is no sign of a diligent and determined national action to ameliorate their condition and diminish their numbers. And so on throughout all the spheres of government. To that watery self-satisfaction which comes of the discharge of negative duties we are entitled. * * * An energetic, full-blooded, and generous initiative is no more seen. Under our present set of social conceptions it is forever impossible. The idea of the two great functions of the State is torpid or extinct. The nourishment of a strong and harmonious national life, in the first place; in the second, the maintenance of a wise, unselfish, and upright international life; these are the two ideas at present fatally wanting in English policy. * * * If anybody thinks that we are playing that powerful and beneficent part in our relations with Europe to which our material strength and moral disinterestedness entitle us, or rather which they demand from us, let him reflect that the counsels which Lord Stanley is said to be pressing both at Berlin and Paris count for

about as much as if they came from the cabinet of Sweden or of Portugal."—MORLEY. *Fortnightly Review*, May, 1867.

More than thirty years since there was in Britain what was called a "Reform," but it was limited to changes of *form*, leaving the *policy* untouched. The result is seen in the facts here given. Now again, there is to be a great reform. Will it, however, prove more successful than the former one? Most certainly not, if the cheap labor system is to be maintained. Not, if the laws of morality are to be, as now, daily set at defiance in the treatment of the 500,000,000 of Asiatics so much subjected to British influence. Not, if all the poor and weak communities of the world are to be driven, at the point of the bayonet, to confining themselves to the work of raising raw produce for distant markets, the proper work of the barbarian and the slave, and of them alone. Not, if Britain shall continue to have for her motto, in all international relations, that "the end sanctifies the means." Not, certainly, if British policy shall continue to set at defiance, as it now daily does, that great law of Christianity which teaches that duty to our Creator and to our fellow men demands that we do unto others as we would that they should do unto us.

§ 13. The decade whose history has above been sketched is of all recorded in the world's annals the most remarkable, yet are the changes there exhibited but preparation for new and greater in the future—such changes as must not only greatly affect the relative positions of the communities that have been named, but also the future of all mankind. Their character will, as the writer thinks, be clearly obvious to those who may have studied his "Principles," published ten years since, and with their aid have studied this review of what has since transpired. To all such it must be plain—

That the system which looks to having but one "workshop for the world" is unchristian, and can but little longer be maintained:

That England has passed her zenith, and that, in common with Tyre, Carthage, Venice, Holland, and all other merely trading communities that had preceded her, she is destined, and that at an early day, to take her place among the great powers of the past:

That France, under the centralizing system of the empire, must inevitably follow in the same direction:

That, in accordance with a great law from the study of which we learn that the richest soils are always last to be brought under cultivation, the great powers of the future must be Germany, Russia, and these United States:

That, to the end that they may attain the position now so clearly within their reach, it is essential that they recognize the facts, that agriculture is the great pursuit of man and therefore always last to attain development; that for attainment of that development it is indispensable that there be a proper co-ordination of the societary positives and negatives, producers and consumers being brought in close proximity with each other; that the closer their relations the greater must be the rapidity of circulation; and that—

THE MORE RAPID THE CIRCULATION THE MORE THOROUGH BECOMES THE DEVELOPMENT OF THE CHRISTIAN MAN, THE MORE RAPID THE GROWTH OF WEALTH, AND THE GREATER THE SOCIETARY FORCE.

§ 14. Materialism, elsewhere described as the "Philosophy of declining Systems," is the essential characteristic of that one which seeks to make of Britain the single "workshop of the world." Looking to the *things* produced, and the wagons, cars, and ships by which they are carried, it wholly rejects consideration of the beings by whom they are produced. Regarding trade as the one thing needful it sanctions all the immoralities by which traffic may be promoted, careless of the fact that their constant perpetration tends necessarily towards sinking man to a level with the brute.

Looking always to development of the real MAN Adam Smith denounced the "mercantile system" upon which Britain so long has practised. Following in the same direction the system here given presents to view the grand and harmonious laws by means of which it was provided that man should ultimately become master of nature—master over himself—a being capable of the exercise of Will and fitted to "look through nature up to nature's God"—becoming daily more and more conscious of the facts, that duty required him to do to others as he would that they should do unto him ; and, that for the proper use of the power with which he had been intrusted he must hold himself responsible, here and hereafter, to his fellow men and to the great Author of his being. For the accomplishment of that object the societary laws were instituted, and thus was society made the instrument by means of which man—the real MAN—was to be developed, to become the subject of that higher branch of knowledge which treats of the human soul and its relations, and known as psychological science.

Quite recently the author has made acquaintance with Oersted's work, entitled "Soul in Nature,"* and has been greatly gratified to find that, starting from a point directly opposite, so illustrious a philosopher had been led to arrive at the same conclusions, to wit, that "the laws of nature hold good throughout the universe;"† and that, as "the truths of natural science continually approach nearer those of Religion," both "must at last be united in the most intimate connection."‡

* London, 1852. Of this eminent man, Sir John Herschell, now thirty years since, at a meeting of the British Association, spoke as follows:—

"In science there was but one direction which the needle would take, when pointed towards the European continent, and that was towards his esteemed friend, Professor Oersted. He knew not how to speak of him in his presence without violating some of that sanctity by which, as an individual, he was surrounded. To look at his calm manner, who could think that he wielded such an intense power, capable of altering the whole state of science, and almost convulsing the knowledge of the world. * * * * The electric telegraph, and other wonders of modern science, were but mere effervescences from the surface of this deep recondite discovery, which Oersted had liberated, and which was yet to burst with all its mighty force upon the world. If he were to characterize by any figure the advantage of Oersted to science, he would regard him as a fertilizing shower descending from heaven, which brought forth a new crop, delightful to the eye and pleasing to the heart."

† Ibid., p. 92.

‡ Ibid., p. 109.

ERRATUM.—Page 12, line 16 from foot—*for* "national" *read* "material."

RECONSTRUCTION:

INDUSTRIAL, FINANCIAL, AND POLITICAL.

LETTERS

TO THE

HON. HENRY WILSON,

SENATOR FROM MASSACHUSETTS.

BY

H. C. CAREY.

PHILADELPHIA:
COLLINS, PRINTER, 705 JAYNE STREET.
1867.

LETTERS TO THE HON. HENRY WILSON,

SENATOR FROM MASSACHUSETTS.

LETTER FIRST.

DEAR SIR:

In the recent Address at Saratoga your hearers were told that you were "accustomed to take hopeful views of public affairs;" that "during the darkest hours of the war" you had had "faith in the country, faith in our democratic institutions," and had "never doubted the result;" that, "since the close of the war," we had had "trials quite as severe," but you had "never had any doubt" that that result was "to be a great and united nation." Continuing on in the same direction, you spoke as follows:—

"We have passed through a bloody struggle. I am among those who believe that it was inevitable—that it was one of the great wars of the human family. It was a struggle on this continent between the democratic ideas of the Declaration of Independence and the system of human bondage, and in such a contest there could be no doubt of the result. We who stood by our country, and the cause of liberty, justice, and humanity, have triumphed. We have triumphed at a fearful cost. We are proud and strong; we have lifted the country toward the heavens; we are a greater people than ever before. We have destroyed human bondage; we have subjugated and conquered a brave and heroic portion of the country, and now the great work is done, I am for welcoming them back with warm and generous greetings, trusting that the causes of all our troubles have passed away forever, and that hereafter in the future we shall be friends and brothers as we were in the morning of the Republic."

The anticipations here presented are most pleasant and agreeable, and gladly would I accept them as likely to be realized were it possible for me so to do. That I do not, is due to the plain and simple fact that sad experience is now teaching the farming and mining States that for them the only "result" thus far recently achieved has been that of a change of masters, Massachusetts having, so far as regards material interests generally, taken the place of South Carolina, and New England at large, in reference to some of high importance, that of the States so recently in re-

bellion. Power has gone from the extreme South to the extreme North, and the sectionalism of to-day is likely, as I think, to prove quite as injurious as has already proved that of the past.

This, I pray you, my dear sir, to believe, is said in no unfriendly spirit. No one more than I respects the great mass of the people of Massachusetts. Few have given more full expression to their admiration of the estimable qualities by which New England people generally are so much distinguished. It is because of my respect for them, because of my desire for their continued happiness and prosperity, that I desire now, through you, to ask consideration of the facts, that they now exercise a political power wholly disproportioned to their numbers; that the State in which I reside, with *two* Senators, has a population nearly equal to that of New England with *twelve* Senators; that, as a consequence, the Senate, as regards economical questions generally, is now in frequent conflict with the House; that the day is at hand when there will be a dozen States, each one of which will outnumber all New England; that abolition of slavery has removed the difficulties which so long had stood in the way of union between the Centre and the South; that of all the States there are none that, for that reason, should so studiously as your own avoid suspicion of improper use of power; that to enable the East to maintain its present political position there is needed a most discreet, most careful, most magnanimous exercise thereof; and that, for want of that care, for want of that discretion, for want of that magnanimity, the Union is to-day, in my belief, more endangered than it had been in the years by which the war had been immediately preceded.

That you will *now* believe this I do not at all expect. Neither did I expect Mr. Dallas to believe me when, less than ten years since, in answer to a question as to when the Capitol would be completed, I told him that it would be "just about the time when the Union would be dissolved." "Nothing," as I then added, "could stand against a system which, like that of the tariff of 1846, made Liverpool the centre of exchange among ourselves and with the world at large, and made of our railroads mere conduits to be used for carrying to Britain the soil of the country in the form of wheat, corn, tobacco, and cotton. It would," as I continued, "ruin any country of the world." Of this he did not *then* believe a single word. Nevertheless, two years afterwards, when *too late*, he did believe it. So, as I fear, will it be with your constituents and yourself. They will believe nothing of the danger until the ruin shall have come, as, without a change of policy, come it must, and before the close of the next decade.

An enlightened foreigner, one who had had abundant opportunities for studying our people, said of them, but a few years since, that "none so soon forgot yesterday." Nothing was ever more truly said. Rarely, if ever, do we study the past. We never, in any manner, in our public affairs, profit by experience, whether our own or that of others. Be the question before us what it may,

great or small, it is treated precisely as if none such had, here or elsewhere, ever before arisen; and hence it is that our movements so much resemble those of a blind giant, daily forced to look for advice to the one-eyed dwarfs by whom we are surrounded. Were it otherwise—could our people, North and South, East and West, but be persuaded to study a very little of *their own* history—could it, do you think, be made to pay for Britain to employ so many of her people, Irish and English, Christian and Hebrew, in the work of teaching them the advantage to be derived from maintaining and increasing their dependence upon a country whose movements were becoming daily more irregular and uncertain; whose power for self direction was diminishing with each succeeding year; one that to-day had not, outside of this Union, a friend on earth; one that had already passed its zenith, and for the reason that the societary ruin by which she was surrounded was in the direct ratio of the reliance of others on her friendship? Seeking evidence of this, let me beg you to look to Ireland, the land of "popular famines;" to Turkey, with which she has for centuries been in close free trade alliance; to Portugal, once the most valuable of her customers; to India, in which the millions who formerly were occupied in the cotton manufacture, are now "festering in compulsory idleness;" to China, brought to a state of anarchy by means of wars made for maintaining the illicit opium trade; to Japan, likely, according to Earl Grey, soon to be reduced to the condition in which China now exists; to Australia, now little more than a great sheep walk, whose occupants, in default of any market for their products, are now again converting their flocks into tallow; to New Brunswick and Nova Scotia, both abounding in coal and ores, while compelled to import all the iron they use; and finally, to Canada, whose population has for the past few years been steadily passing to the land of the stars and stripes, seeking there the *protection* denied to them at home. Look where you may, you will find prosperity to exist *in the inverse ratio of the connection with Britain.* Look even to France and see that loss of position before the world has gone hand in hand with her adoption of the British system. Seeking evidence of these decaying tendencies, you may with advantage turn to the last *Edinburgh Review*, finding therein a proposition for military alliance between the two countries as the only mode of preventing further loss of caste.

Britain has been long engaged in building an inverted pyramid; but at no period has her progress in that direction been so rapid as within the last twenty years, the free trade period. The important class of small landholders so much admired by Adam Smith—that class which so long had constituted the right arm of British strength—has now almost entirely disappeared, half of the land of England being owned by 150 men, and half of that of Scotland by a single dozen. So, too, is it in regard to all industrial pursuits, a perpetual series of crises having crushed out the smaller

and more useful men, and all the processes of mining and manufacture having passed into the hands of the few whose vast fortunes had enabled them to profit by the ruin of the lesser men by whom they had been surrounded. In consequence of this it is, that British society daily more and more exhibits the phenomena of squalid poverty side by side with enormous wealth; precisely the state of things that, under the free trade and pro-slavery policy, had, before the war, obtained throughout the Cotton States. To these latter it brought the weakness that has recently been so well exhibited. To the former it has brought the decay of influence that has, on a recent occasion, led a reflecting British writer to say to his countrymen that "the counsels which Lord Stanley is said to be pressing both at Berlin and Paris, count for about as much as if they came from the cabinet of Sweden or Portugal;" than which nothing could be more true—Britain having no longer a place in the European system. To enable her to maintain a place anywhere she must break up this Union, and to the consciousness of this has been due the fact that, with the exception of the mere laboring class, nearly the whole body of the British people has exhibited itself before the world as advocate of a system which had human slavery for its corner-stone, and as ready to make any sacrifice of honor or of conscience, public or private, that might be needed for securing its permanent establishment. Thus far she has failed; but, having now before her only the choice between, on the one hand, the disruption of our Union, and, on the other, her own descent from the position she so long has occupied, we may be quite assured that no effort will be spared that may seem to tend towards accomplishment of the former.

To prevent this would be an easy task could our people but be persuaded to study a very little of the past, with a view to an understanding of the present, and to preparation for the future. That you at least, my dear sir, may be induced so to do, I propose in another letter to present for your consideration a brief view of the mode by which preparation had before the war been made for accomplishment of the ruin from which we so recently have escaped, meantime remaining, with great regard,

Yours, truly,

HENRY C. CAREY.

Hon. HENRY WILSON.

PHILADELPHIA, Aug. 20, 1867.

LETTER SECOND.

DEAR SIR:—

Before prescribing for removal of fever the skilful physician seeks to ascertain why it exists, varying his treatment with variation in the cause discovered. The quack treats all fevers alike, and kills his patients. What is true with regard to physical evil is equally so with reference to social disease, it being essential that we understand the ultimate cause of error before we write the prescription for its cure. In the case now before us you charge all our recent troubles to the existence of slavery, but your Address furnishes no answer to the previous question, *Why had it been that slavery had so rapidly grown in power?* Studying the matter more carefully you will, I think, find that, like the fever, slavery had been the mere symptom, and that if you would now prevent its recurrence, if you would really and permanently establish human freedom, you must begin by eradicating the cause, just as you would remove trouble of the head by treatment of the stomach. In no other way can permanent reconstruction be secured. Of that you may rest assured.

That you, my dear sir, may arrive at a proper understanding of the ultimate cause of our recent troubles, look around you in Massachusetts and satisfy yourself that it has been precisely as pursuits have been more and more diversified, *precisely as competition for the purchase of labor has increased*, that the weak have been rising to a level with the strong, that the woman has been coming more near to an equality with the man, the man himself more and more acquiring the power of self-direction. Look again, and see that diversification of employment has always grown most rapidly in periods of protection against the working of the British monopoly system, and that then it has always been that the capitalist has been obliged to seek the laborer. Look then further, and see that it has been in periods of British free trade, so-called, but really monopoly, that the laborer has lost the power of self-direction and has been obliged to seek the capitalist, and then determine for yourself which has in the North proved the road to freedom.

Turn next south, and see that slavery had grown in power just as the land had become more and more monopolized, as the little proprietors more and more disappeared from the stage, as the laborer everywhere found himself more and more compelled to limit himself to the single pursuit of raising raw material for the supply of distant markets, the proper work of the barbarian and the slave,

and of those alone. That done, you will, as I think, better understand why it has been that freedom had tended upwards in all that portion of the country that had accepted the idea of protection, and downwards in those that had resisted it. There is but one road to freedom, peace, and harmony, and that is found in such diversification of pursuits as leads to enlargement of domestic commerce, and stimulation of the societary circulation.

British policy looks to arrest of the circulation of the world by means of compelling all raw material produced to pass through its little workshop. It is a monopoly system, and therefore it is that poverty, disease, and famine, all of which unite for the production of slavery, are chronic diseases in every country wholly subjected to British influence.

Therefore, too, has it been that British agents have been always in such close alliance with the slave-holding aristocracy of the South; and that, throughout the late war, British public opinion has been so nearly universally on the side of the men who have publicly proclaimed that slavery was to be regarded as the proper corner-stone of all free institutions.

British free trade, industrial monopoly, and human slavery, travel together, and the man who undertakes the work of reconstruction without having first satisfied himself that such is certainly the fact, will find that he has been building on shifting sands, and must fail to produce an edifice that will be permanent. So believing, and seeing in your Address nothing that indicates a proper appreciation of the fact that it is to a diversification of our pursuits, *alone*, we are to look for permanent establishment of human freedom and national independence, for permanent reconstruction of the Union, I am led to ask you to accompany me in an examination of the real causes of the rebellion that is proposed now to make. Let these be ascertained, and you may then safely proceed in the great work in which you are so actively engaged, but not before. Without this you will be prescribing for permanent dissolution, and not for reconstruction.

Within the last half century, compelled thereto by the general ruin that has in each and every case resulted from permitting the advocates of pro-slavery and British monopoly ideas to dictate our course of action, we have three times sought to establish domestic commerce and thus to achieve a real independence. In each of these the country almost at once revived, commerce became active, labor came again into demand, and prosperity reigned throughout the land. Throughout each and every of them, however, British money has been lavishly applied to the work of teaching the vast advantage to be derived from coming again under the British yoke; from again submitting to be compelled to make all our exchanges with the world at large in a single, distant, and diminutive market; and from thus uniting with British traders in the work of preventing the growth of human freedom. As a consequence of these teachings, and of the constant stimulation in that

direction by the advocates of human slavery as it existed in this western world, the tariffs of 1828 and 1842 were allowed an existence of less than five years each, the general result having been, that of the last five and forty years by which the war had been preceded, there had been less than ten in which our policy had tended in the direction of human freedom and national independence.

Brief as had been the existence of the first of these tariffs its close found the country so far advanced in the right direction that the foreign debt, public and private, had been entirely discharged. Nevertheless, but seven years of the then re-established British monopoly system with its perpetually-recurring financial crises; its destruction of internal commerce; its annihilation of confidence; and its paralyzing effects in destroying the demand for labor; sufficed for plunging the country more deeply in debt than it ever before had been, and for making us more than ever dependent upon the chances and changes of a market that, more than any other, is governed by men who find their advantage in bringing about those sudden upward and downward movements by means of which they are themselves enriched, their humble dependents throughout the world being meanwhile ruined. The end in view is *trading despotism*, of all despotisms the most degrading to the unfortunate beings subjected to it. The name by which it is generally known is that of *British free-trade*—a freedom that carries with it slavery in the various forms of war, poverty, famine, and pestilence, and for emancipation from which, as has so well been proved in Ireland, its unfortunate subjects can find but a single road—that one which terminates at the grave. Of all, it is the meanest, most selfish, most soul-destroying; yet are its advocates among ourselves found among those who most profess a belief in human freedom.

Under the tariff of 1842 we resumed the road towards independence, commencing discharge of the heavy obligations incurred in the seven years of the monopoly system, and so rapid was our progress in that direction that but a single decade would have been required for the attainment of perfect emancipation. That, however, did not suit the admirers of, and believers in, human slavery, either at home or abroad. The system was to be broken down, and to that end our farmers were assured that if they would but consent to re-establish Liverpool in its old position of centre of the Union, at which the farmer of Illinois should make all his exchanges with his neighbor of Tennessee, our grain exports would speedily count by hundreds, if not even by thousands, of millions of dollars. The ridiculous absurdity of all such calculations now exhibits itself in the fact, that our average export to Britain of wheat and flour, for the last ten years, has been but the equivalent of little more than 4,000,000 of cwts., or 7,000,000 bushels. It is, however, the business of British agents—that for which they are so well paid—to deceive and cheat our people. Should you desire new evidence to this effect, look, I pray you, to

the fact, that the British Free-Trade League, which holds its meetings in New York, and which is supported by contributions of British traders, has just now refused the offer of their American opponents to institute a free discussion, by means of which all might be enabled to see both sides of the question. No journal in foreign pay ever, by any chance, permits its subscribers to see the argument in favor of industrial independence. No *American* journalist would hesitate for a moment to enter into any arrangement by means of which all should be enabled to see the argument *pro* and *con* on this important subject.

From the date of the re-establishment in 1846 of the British monopoly system we went steadily forward destroying the domestic commerce, increasing our dependence on Liverpool as a place of exchange with all the world, and augmenting our foreign debt, until all at once the inevitable result was reached—that of dissolution of the Union. That no other could have been arrived at will, as I think, be clearly obvious to you when you shall have studied the facts that will now be given.

Under the free-trade system, with its constantly increasing dependence on the most unstable and irregular market of the world, proper development of the abounding mineral wealth of the Central States was entirely impossible. As a consequence of this, nearly the whole increase of Northern population was forced to seek the prairie lands of the Northwest and West, there to employ themselves in tearing out the soil and exporting it, in the form of wheat or corn, to markets of the East, home or foreign; and thus, as far as in their power lay, increasing competition for *the sale* of food, and of all other raw materials they had to sell, while increasing competition for *the purchase* of iron, and all the commodities they had need to buy—that being the especial object of the monopoly system established by Britain, and now given to the world as tending to the promotion of freedom of commerce. As a further consequence, the Slave States of the Centre, unable to develop and mine their numerous and abounding ores, were compelled to send their people south; and thus did we, from day to day, increase the weight and power of the *extreme North* and the *extreme South*, while depopulating and weakening the Centre.

That you may fully understand the effects of this, and how it had been that secession had gradually become not only possible but inevitable, I pray you now to take up a railroad map of the Union, and mark the fact that *all our great roads are merely spokes of a wheel whose hub is found in Liverpool.* Those of them which have most tended to acquire strength and weight are those which have found their terminations north of Pennsylvania, and south of Virginia. With each and every stage of movement in that direction it became more and more impracticable that the two extremes could hold together, until at length they parted company in 1861. That such was the tendency of the British monopoly system, and that such must certainly be the result, had

long been clearly obvious to me, when, less than ten years since, I told Mr. Dallas, then in London, that dissolution of the Union would come about the time when the Capitol should be completed. In this I erred, the building being not even yet quite finished. Whether or not, when it shall be so, it will be the Capitol of all the existing States, is very doubtful. Without a decided change of policy *it certainly will not*, the centrifugal force of the system now advocated by Massachusetts being too great to defy resistance.

What is it, my dear sir, that now so closely binds together the New England States? Is it not their *network* of roads. Could they now by any possibility be torn asunder? Certainly not. Could there be any difficulty in accomplishing this were there but two great parallel roads leading through Boston and Portland to Liverpool? Not in the least. Sectionalism would then be as rife in New England as it has been throughout the extreme south and extreme north. Mr. Lincoln saw clearly that the Mississippi was the cross-tie that had held the Union together, and therefore did he urge the making of another through the hills, recommending a road that should pass through Kentucky and East Tennessee. Congress refused the little aid that had been asked for, yet did it never hesitate at granting enormous quantities of land in aid of roads across the continent. So long as our legislation on all economic subjects shall continue to be sectional in its tendencies it is wholly vain to hope for permanent reconstruction. Had Mr. Lincoln's advice been taken, Kentucky would now, in all probability, be a republican State.

Having thus shown the sectional tendencies of the British monopoly system, and that it is to that, and *not to slavery*, we have been indebted for the rebellion, I propose now to ask your attention to the manner in which *construction* has been elsewhere accomplished, believing that when this shall have been properly understood there will be less difficulty about measures of *reconstruction*.

I remain yours, &c.,

HENRY C. CAREY.

Hon. Henry Wilson.

Philadelphia, Aug., 1867.

LETTER THIRD.

DEAR SIR:

Ten years since I expressed the belief that Germany, whose "national sin for the last two centuries," according to Chevalier Bunsen, "had been poverty, the condition of all classes, with few exceptions"—Germany, which thirty years before had been held to be immensely overpopulated—then already stood "first in Europe in point of intellectual development," and was "advancing in the physical and moral condition of her people with a rapidity exceeding that of any other portion of the Eastern hemisphere."

Since then, an empire has been created embracing a population a little short of 40,000,000, among whom education is universal; with a system of communications not excelled by that of any other country, with the exception of those provided for the very dense populations and limited territories of England and of Belgium; with an internal commerce as perfectly organized as any in the world, and growing from day to day with extraordinary rapidity; with a market on the land for nearly all its products, and, as a necessary consequence, with an agricultural population that grows daily in both intelligence and power; with a mercantile marine that now numbers more than 10,000 vessels; with a public treasury so well provided that not only has the late war left no debt behind, but that it has been at once enabled to make large additions to the provision for public education;* and with private treasuries so well supplied as to enable her people not only with their own means to build their own furnaces and factories and construct their own roads, but also to furnish hundreds of millions to the improvident people of America, to be by them applied to the making of roads in a country the abundance of whose natural resources should long since have placed it in the position of money lender, rather than that now occupied of general money borrower.

The course of things on the two sides of the Atlantic has thus, as we see, been entirely different. On the one side there has been

* "Shocked as the Chamber was at the extent of the Budget, yet the Liberal party received with applause the announcement that a half million thalers was expended in order to increase the salaries of the teachers in the public schools. 200,000 thalers were devoted especially to the teachers of primary schools, a small sum, it will be said, for the teachers of a nation of twenty millions; but the sum, in relation to the end proposed, is not so small as it at first sight seems. The primary schools are exclusively connected with the communities, and must be tolerably well maintained by the latter. And this sum is appropriated only to those communities which are too poor to pay the teachers sufficiently."—*Tribune Correspondence.*

a quiet and peaceful movement that has ended in *construction*. On the other a constant series of feuds, that has resulted in a need for *reconstruction*. Why it is that results so widely different have been obtained I propose now to show you.

Five and thirty years since, Germany and the American Union exhibited states of things directly antagonistic, the one to the other. The first was divided and disturbed, its internal commerce in every way embarrassed, its people and its various governments very poor, and with little hope in the future except that which resulted from the fact that negotiations were then on foot for the formation of a Customs Union, which shortly after was accomplished. In the other everything was different, the internal commerce having been more active than had ever before been known, the public treasury filled to overflowing, the national debt on the eve of extinction, and capital so much abounding as to make demand, for the opening of mines, the building of houses and mills, and the construction of roads, for all the labor power of a people that then numbered thirteen millions.

The cause of these remarkable differences was to be found in the facts, that, up to that time, Germany had wholly failed to adopt such measures of co-ordination as were needed for establishing rapidity of circulation among the 30,000,000, of which her society was then composed; whereas Congress had, four years before, and for the first time, adopted measures having for their object development of all the powers, physical, mental, or moral, of its population, all the wealth of its soil, and all the wonderful mineral deposits by which that soil was known to be underlaid. The one had failed to bring together the producer and consumer of food and wool, and had remained dependent upon traders in distant markets. The other had decided that such dependence should, at no distant time, come to an end; that producers and consumers should be brought together; and there had thence already resulted an activity of circulation and an improvement in physical and moral condition, the like of which had never before been known to be accomplished in so brief a period.

Three years later (1835), the two countries are once again found totally opposed, Germany having adopted the American system and thus provided for freedom of internal commerce, America simultaneously adopting that which to Germany had proved so utterly disastrous, and which had been then rejected. Thenceforth the one moved steadily forward in the direction of creating a great domestic commerce, doing this by means of a railroad system which should so bind together her whole people as to forbid the idea of future separation. The result already exhibits itself in the quiet creation of a powerful empire. The other meanwhile has constructed great roads by means of which it has been enabled to export its soil, in the forms of tobacco, corn, and cotton, to distant markets, and thus to destroy the power to maintain internal commerce—the result obtained exhibiting itself in a great rebellion

that has cost the country, North and South, half a million of lives, the crippling of hundreds of thousands of men, and an expenditure of more thousands of millions than, properly applied, would have doubled the incomes of its whole people, while making such demand for human force, mental, moral, and physical, as would, in a brief period, have secured the establishment of universal freedom, with benefit to all, white and black, landowner and laborer. Such have been the widely different results of two systems of public policy, the one of which looks to introducing into society that proper, orderly arrangement which is found in every well-conducted private establishment, and by means of which each and every person employed is enabled to find the place for which nature had intended him; the other, meanwhile, in accordance with the doctrine of *laisser faire*, requiring that government should abdicate the performance of its proper duties, wholly overlooking the fact that the communities by which such teachings are carried into practical effect—those whose dependence on Britain is a growing one—now exhibit themselves before the world in a state of utter ruin.

Turn now, if you please, to a railroad map of Germany, and see how wide is the difference between it and a similar map of the Union. Instead of a few great railroad lines leading out of the country, and having for their objects the *compulsion* of the people of close adjoining States to go abroad to make exchanges—Tennessee and Alabama going to Manchester and Liverpool to exchange with their neighbors of Indiana and Illinois—you find a perfect network, by means of which every town throughout the whole extent of the new empire is enabled peacefully and cheaply to exchange with each and every other. Look again to the journals of the day, and see that it has been just now determined that every town of 1500 inhabitants shall at once be put into telegraphic communication with each and every other. Turn then your eyes homeward, and see that while Congress has been willing to grant aid to telegraphic communication *outside* of the Union, it has never, so far as I can recollect, been willing to do anything *inside* of it. That domestic commerce by means of which the most powerful empire of Europe has been constructed, and in little more than a quarter of a century, is here considered wholly unworthy of Congressional notice.

The difference between the two countries consists in this, that the one has been making a piece of cloth, warp and woof, all the parts of which become more firmly knitted together from day to day; the other, meanwhile, having made nothing but warp, the filling having been forgotten. The strength of the one has been recently strikingly manifested in the determination of Southern Germany, in defiance of French interference, to adhere anew to the Zollverein.* The weakness of the other now manifests itself

* "The leaders of the 'South German national party' in Bavaria, Wurtemburg, Baden, and Hesse-Darmstadt, have decided to hold a meeting at

in the necessity for interference, on the part of Massachusetts, with the internal affairs of Texas and Louisiana. With our eyes always directed to Liverpool our whole policy is made sectional, and not national, and until it shall be changed it is as certain as that light follows the rising of the sun, that there can be no permanent reconstruction.

The great backbone of the Union is found in the ridge of mountains which commences in Alabama, but little distant from the Gulf of Mexico, and extends northward, wholly separating the people who inhabit the low lands of the Atlantic slope from those who occupy such lands in the Mississippi valley, and its constituting a great free-soil wedge with its attendant free atmosphere, created by nature herself in the very heart of slavery, and requiring but a slight increase of size and strength to enable its inhabitants to control the southern policy, and thus to bring the entire South into perfect harmony with the North and West, and with the world at large. That you may fully satisfy yourself on this head, I ask you to take the map and pass your eye down the Alleghany ridge, flanked as it is by the Cumberland range on the west, and by that of the Blue Mountains on the east, giving in the very heart of the South itself a country larger than all Great Britain, in which the finest of climates is found in connection with land abounding in coal, salt, limestone, iron ore, gold, and almost every other material required for the development of a varied industry and for securing the highest degree of agricultural wealth; and then to reflect that it is a region which must necessarily be occupied by men who with their own hands till their own land, and one in which slavery could never by any possibility have more than a slight and transitory existence. That done, I ask you to determine whether or not I am right in the assertion that the South is clearly divided into three separate portions, two of which have desired to move in the direction of perpetual human slavery, while the third, inserted between them, has been, and is, by the force of circumstances, necessarily impelled towards freedom.

Admitting now that the policy of '42 had been maintained; that rapid circulation had made such demand for labor as to cause the annual importation of miners and laborers to count by hundreds of thousands, if not almost by millions; that all the wonderful min-

Stuttgart in the beginning of August, with the object of forming a league, in conjunction with the Prussian liberals, for achieving the unification of Germany. This decision is supposed, on good authority, to have been precipitated by overtures lately made by France at Carlsruhe, Munich, and Darmstadt, with the object of preventing the acceptance by the South German States of the Prussian proposals for a restoration of the Zollverein. These overtures, it is said, were made in a very dictatorial tone. The conduct of the French diplomatic agents in this matter has greatly provoked the South German Liberals, and has produced so strong a feeling against France in the South German States that even the Ultramontanes no longer venture to continue their advocacy of a French alliance against Prussia."

eral resources of the country above described had been placed in course of development; that roads had been made by means of which Cincinnati and Savannah, St. Louis and Charleston, Boston and Mobile, had been enabled freely to exchange together; that the country south had been gradually creating a network of roads, by means of which coal and iron miners, farmers and weavers, had been enabled to exchange their products; admitting, I say, all these things, would not the wealth and strength of the people of the hills have, long since, so far outweighed those of the men of the flats, as to enable the former to control and direct the movements of the States? Would not that domestic commerce have given us freedom for the negro, harmony and peace among the people, and love for the Union among the States? Would it, under such circumstances, have been possible to *drive* the southern people into secession? That it would not, you can scarcely, as I think, fail to admit. Whensoever we shall have a fixed policy, tending gradually towards giving to our whole people such a network of roads as now knits together the New England States; whensoever there shall be real freedom of trade between Georgia and Illinois, Carolina and Iowa; whensoever the people of the interior generally shall be enabled to prosper under a system which stimulates domestic competition for the *purchase* of all they have to sell, and for the *sale* of all they need to consume; then, but not till then, will the freedom of the so recently emancipated slave become something more than a mere form of words; and then, but not till then, will there be good reason, my dear sir, for believing in the realization of your agreeable anticipations.

Slavery *did not* make the rebellion. British free trade gave us sectionalism, and promoted the growth of slavery, and thus led to rebellion. Had Mr. Clay been elected in 1844, all the horrors of the past few years would have been avoided. Why was he not? Because free-trade stump orators of New York and Massachusetts, professing to be opposed to slavery, could not believe him radical enough to suit their purposes. They, therefore, gave us Messrs. Polk and Dallas, and by so doing brought about the rebellion, for all the horrors and all the waste of which, North and South, they are this day responsible before God and man. Judging, however, from recent letters and speeches, they are now willing to take the responsibility of the next secession movement, giving us at one moment the extremest anti-slavery doctrines, while at the next advocating that British free trade policy which had always commanded the approbation of southern slaveholders, and which has reduced, or is reducing, to a condition closely akin to slavery, the people of every community that has been, or is, subjected to it. Unable to see that any system based on the idea of cheapening the raw materials of manufactures, the rude products of agricultural and mining labor, tends necessarily to slavery, they

make of themselves the pro-slavery men, *par excellence*, of the world.

To what extent the policy of your State has, since that time, been in accordance with the teachings of such men, I propose in another letter to examine, meanwhile, remaining

Yours faithfully,

HENRY C. CAREY.

Hon. H. WILSON.

PHILADELPHIA, Aug. 26, 1867.

LETTER FOURTH.

DEAR SIR:—

Forty years since, at the date of the agitation for the passage of that protective tariff of 1828, by means of which the country became first emancipated from the control of foreign money-lenders, the people of Massachusetts, as represented in Congress, were full believers in the advantages of the British free-trade system. Fourteen years having elapsed, during one-half of which they had, under protection, enjoyed the advantages derived from a peaceful and most profitable extension of domestic commerce; the other half having, on the contrary, furnished a series of free-trade and pro-slavery crises, ending in almost universal bankruptcy, and in an exhaustion of the national credit so complete that, after having, in 1835, finally extinguished the public debt, it had just then been found impossible to borrow abroad even a single dollar; Messrs. Choate and Sprague, representing Massachusetts in the Senate, are found gladly co-operating with Archer of Virginia, and other enlightened Southern Whigs, in the passage of the act of 1842, under which the consumption of iron and of cottons was, in the short space of less than half-a-dozen years, almost trebled; the country, meanwhile, resuming payment of its foreign debt, and re-acquiring the credit which it had required but a similar period of British free-trade so entirely to annihilate.

The protection granted by the tariff of '42, full and complete as it was, enabled Massachusetts—and for the first time—to compete in foreign markets for the sale of cottons. It enabled, too, the South to engage in their manufacture; and so rapid had, in 1848, been its progress, that Mr. Rhett, of the *Charleston Mercury*, was thereby led to predict, in a letter to Mr. Abbott Lawrence, that before the lapse of another decade, it would have ceased to export raw cotton. The prediction was one not likely to be so early realized, but even its half realization would have spared us all the cost in life, limb, and property, of the late rebellion, while it would so far have advanced the slave towards freedom as to have

relieved the existing Congress from all the necessity for those measures of reconstruction of which you speak, and in which you have been, and are, so actively engaged.

The repeal of the act of 1846 was followed by a political revolution which placed General Taylor in the Presidential chair, and gave, or seemed to give, to the friends of American labor, and American interests generally, power for re-establishing protection. Forthwith a convention was held at Newport for the purpose of deciding what it was that needed to be asked for. The result of its deliberations was given to me a fortnight later by the then recognized head of the cotton interest of your State, in the few brief words: "We do not desire any protection that will stimulate domestic competition." To put this into other words, it was to say:—

"We do not wish that the South or West should engage in manufactures, for that would make competition for the *purchase* of cotton, and raise the price of the raw material."

"We do not desire that the South or West should become manufacturers, for that would produce competition for the *sale* of cloth, and reduce our profits."

"The tariff of 1846 having already closed the few mills of the Centre and the South, we do not desire any tariff that could have the effect of reopening them, or of causing new ones to be erected."

"That tariff having broken down our competitors, has given us a monopoly, and we desire to keep it. Nevertheless, we desire to have the duties increased some five or ten per cent., for that would benefit us, and would not suffice for producing domestic competition either for purchase of the raw material, or for the sale of finished goods."

It was a very narrow view of the question, wholly rejecting, as it did, the idea of any harmony between the interests of the producers and consumers of cotton. It was the right British idea, then first, as I think, naturalized in this country, and from that time forward, as I propose to show, made the rule of action of your representatives in both houses of Congress. It was the pro-slavery idea, common sense teaching that "raw materials" represent agricultural and mining labor, and, that whatever tends to increase competition for their sale, and thus to reduce their prices, tends directly to the subjugation of the laborer, black or white, to the will of those by whom his labor is directed. Wherever raw materials are low in price, man, be his color what it may, and whether found in Ireland or India, in Jamaica or Alabama, in Canada or Illinois, is little better than a slave, the only difference being in the form in which the master's whip presents itself for examination. The well-fed negroes of the South were, ten years since, less enslaved than were those Irish people so accurately described by Thackeray as "starving by millions." The Russian serf, pay-

ing *obrok* to his master, and comfortably supporting his wife and children on the proceeds of his labor, was far more master of his actions and himself than this day are the small remnant of those Pennsylvania miners that, in April, 1861, threw aside their tools and rushed to the nation's rescue, finding themselves, as they do, wholly without the employment by means of which they might be enabled to obtain better supplies of food and clothing. Competition for the purchase of labor *makes* men and women free. The ballot-box is useful as a means of *perpetuating* freedom. In your Address I find much in reference to this latter, but in regard to the former, and infinitely the most important, you are, as is much to be regretted, wholly silent.

The election of Mr. Cobb, in 1849, as Speaker of the House, threw the committees into the hands of the Democrats, and your manufacturers, as a consequence, wholly failed to obtain that small additional protection for which they so steadily had asked; just as much as, but no more than, would give security to themselves, while not in any manner "stimulating domestic competition" for purchase of cotton, or for the sale of cloth.

At the next step we find a coalition between British iron-masters and a self-constituted committee of three, having for its active head an ex-member of Congress from Massachusetts, since then presiding officer in one of the Republican conventions. This committee was, for a commission, to procure repeal of all duties on railroad iron, and return of much of those already paid. The movement failed; but for three years the sword of Damocles was held over the heads of all those engaged in the production of coal and iron, and at a cost to the mining interests of the country at large greater than would now suffice for buying and paying for all the cotton and woollen mills of your State, and all the towns in which those mills are placed.

Two years later the East proposed to the West, that, as compensation for granting it free wool, free raw material, and pro-slavery economic policy generally, it would itself generously consent to sacrifice the interests of its late co-laborers of the mining centre—of that section to which alone it had been indebted for the triumph of Whig principles in 1848. The proposition, in the form of an amendment to the appropriation bill, was strongly advocated by a distinguished Massachusetts member, shortly afterwards raised to the speakership, and it finally passed the House. It was defeated in the Senate, having there, on the last day of the session, been talked to death; this, too, in defiance of all the efforts of Massachusetts manufacturers, and of the readiness by them manifested to buy, and *pay for*, the silence of those engaged in the patriotic work.*

The first of these periods had been given to the closing of

* Should conclusive evidence on this subject be desired, it can at any hour be supplied.

existing rolling-mills, and preventing the building of others. In the second, it was claimed that because the mills were idle that, for that reason, the work of destruction should be further carried forward.

Simultaneously with these operations came the Canada reciprocity scheme, having for its object the cheapening of all the raw materials of manufacture that could be obtained from the country beyond the Bay of Fundy and the St. Lawrence, barley, wool, wheat, and coal, included. Wholly misunderstood, it passed the House, and was on the eve of becoming a law by means of senatorial action when I myself, for the first time, opened the eyes of Mr. Clay and other leading senators to the injurious, and even destructive, tendencies of the measure. From that hour the case became so hopeless that, as I think, the bill never afterwards came up for consideration. The election of Mr. Pierce, and consequent return of the pro-slavery party to power, brought about a change, however; it having then become to the South most clearly obvious that for preventing annexation of the British Possessions there was but a single remedy—that of granting to the Provinces all the advantages of being in the Union, while requiring of their people the performance of none of the duties, the bearing of none of the burdens, of American citizens. Such was the true intent and meaning of the treaty that then was negotiated, and that was carried through the Senate by aid of the combined pro-slavery and trading States, Massachusetts and New York steadily uniting with Carolina for preventing any change in the period for which it was to endure, and unanimously recording their votes against limiting it to one, two, three, and so on to nine years. To force through the House a bill providing for carrying it into effect was now the difficulty. That the work was done all know, but of the character of the means resorted to for having it done, few know who have not had the advantage I have had of hearing it fully described by one of the most honored and honorable members of the House. As in the case of the amendment to the appropriation bill above referred to, it seemed to be held that "the end"—the cheapening of raw materials at whatsoever cost to the farmers, miners, and laborers of the Union—"sanctified the means;" and "sanctified" them even in the eyes of men who long had found their chief employment in lecturing their fellow-citizens on the unchristian character of American slavery, and on the necessity for giving freedom to the Southern producers of those raw materials in the cheapening of which they found themselves so steadily engaged.

That this had been from first to last a Boston measure, is, of course, well known to you, as you must have seen the circulars asking subscriptions for moneys to be paid to the men who had succeeded in placing Canadians in a position far better than that occupied by our own citizens.

Close upon this followed the nomination of General Fremont,

another British free-trade measure forced upon the States of the Centre by extremists of the North and East. In the course of the campaign the agents of British makers of cloth and iron were, on one occasion, greatly gratified by a speech made in front of the New York Exchange by a gentleman of Massachusetts, who, in his character of Speaker of the House, had, but a few months previously, appointed committees entirely satisfactory to that portion of the body which had had full belief in *American* free-trade, and in the idea that every step in the direction of diversified industry tended towards emancipation for the laborer, black and white, foreign and domestic.

Coming now to 1857, we find the Ways and Means Committee, by its chairman, Mr. Campbell, of Ohio, reporting a bill for reduction of the revenue, somewhat satisfactory to the people of the Centre and the West. Wholly changed by a senatorial pro-slavery committee, with Mr. Hunter, of Virginia, at its head, it was then advocated by yourself, my dear sir, in a speech in which occurs the following passage, to wit:—

"The people of New England, Mr. President, and especially of Massachusetts, are very extensively engaged in the manufacture of articles in which wool, hemp, flax, lead, tin, brass, and iron are largely consumed. It is for their interest that the duties on these articles should be merely nominal, or that they should be duty free."

The opposition to this pro-slavery and cheap raw material substitute of the Virginia senator was very vigorous, Mr. Seward taking therein a very decided part. So doubtful, at length, became its adoption, that its friends found it necessary to telegraph your colleague, Mr. Sumner, advising him that without his vote the friends of freedom for the American mining and agricultural laborer, and of independence for the American Union, would probably succeed in accomplishing its rejection. He came, then presenting himself for the first time in the session, still suffering under injuries caused by the attack of a Carolinian opponent of the doctrine of diversified interests; and he then and there united with Virginia, Carolina, and Mississippi in a vote, the true intent and meaning of which was, that the farmers, miners, and laborers of America, black and white, should, in all the future, be mere "hewers of wood and drawers of water" for Southern slaveholders and British and Eastern capitalists.

On more than one occasion I had said to your Colleague that while he had spoken much of freedom, his senatorial votes on industrial questions had thus far always been given on the pro-slavery side. Meeting him in Paris shortly after the one last above recorded, I could not refrain from congratulating him on having so far recovered from the effects of Carolinian brutality as to have been enabled to unite with Carolinian senators in a vote for perpetuation of slavery throughout the South. In the true Christian spirit he had returned good for evil.

The passage of that act brought about a crisis, whose effect was that of almost total stoppage of cotton and woollen mills throughout the country north and south. For the moment Massachusetts suffered some little inconvenience, but she soon after resumed operations, and with great advantage to herself, her rivals in the Central, Southern, and Western States having been irretrievably ruined. The danger of "domestic competition" had disappeared, and the manufacturing monopoly had become assured.

The years that followed exhibited an almost total prostration of the various industries of the country, yet was it determined by the leaders of the Republican party, North and East, that the platform to be adopted at Chicago should be a mere repetition of that of 1856, all "new issues" to be entirely ignored. On the Committee of Resolutions there was, however, one member who was determined that the question of protection should be squarely met, and he therefore notified his fellow-members that if they did not then and there adopt a resolution to that effect they should be compelled to fight it on the following day on the floor of the convention. In that he, representing New Jersey, was sustained by the member from Delaware, and the debate terminated by the adoption of a resolution in the following words, the reading of which, on the succeeding day, was followed by a storm of applause from the assembled thousands, the like of which has had no parallel on this Western Continent:—

"That, while providing revenue for the support of the General Government by duties upon imports, *sound policy requires such an adjustment of these imposts as to encourage the development of the industrial interests of the whole country;* and we commend that policy of national exchanges which secures to the workingmen liberal wages, to agriculture remunerating prices, to mechanics and manufacturers an adequate reward for their skill, labor, and enterprise, and to the nation commercial prosperity and independence."

Such is the history of the decade. It is the history of a constant war by Massachusetts upon the greatest of all the national interests—a war for sixpences, carried on at an annual cost to the mining and farming regions of the country five times greater than the receipts of California gold—a war more than half the cost of which was paid by Pennsylvania. To the Union at large its cost consists in this, that had Massachusetts fully, fairly, and honestly exerted her influence in the opposite direction, the iron manufacture of the Border States would probably have made such progress as to have prevented their secession, and thus prevented all the injury, as regards both property and life, they have been made to suffer.

Of what has since occurred I shall speak in another letter, meanwhile remaining,

Yours, very truly,

HENRY C. CAREY.

Hon. Henry Wilson.

LETTER FIFTH.

Dear Sir:—

By the adoption, as part of its platform, of the resolution given in my last, the Republican party pledged itself to a policy the reverse of that advocated by yourself in 1857; one which looked to "stimulation of competition" for the purchase of raw materials, labor included; one which would "stimulate domestic competition" for the sale of finished commodities; one based on the idea, apparently unknown to our Massachusetts friends, that protection to the miner, by giving him means of purchase, is, in effect, protection to the maker of cloth; and that protection to consumers of his products is, in effect, protection to the farmer, there being a perfect harmony of interest among all the members of the social body.

Less than a year later, Congress redeemed the pledge then given, enacting into law the determination of the many thousands present at the Chicago Convention, a protective tariff having received the assent of Mr. Buchanan on the day before his quitting office. By it full protection was secured to the cotton manufacturer, and this was *then* most gladly accepted by the men of Massachusetts, the Cotton States having left the Union, and the danger of "stimulating domestic competition" having altogether ceased.

For means to carry on the war an internal revenue, however, came soon after to be required, and, as usual, the mining interest was made to suffer; taxes being piled upon iron at its every stage from the pig to the engine, while duties on the most important of all its products, railroad bars, were subsequently so diminished that the difference between contributions by the domestic and foreign article fell to little more than that which resulted from the fact that gold was required for the latter, while greenbacks sufficed for the former.

So long as the war endured, and the premium on gold continued large, this latter furnished all the protection which seemed to be required. With the peace, however, this so far died away as to produce a necessity for such change in the tariff as would tend to counteract the nullification of protection caused by demand, for public use, for contributions on almost every article at every stage of manufacture. To this end the Secretary of the Treasury appointed a Commission, upon whose report was based a tariff bill which finally passed the House in the second week of July, 1866, and was on the following day received in the Senate. A senator from Iowa forthwith moved that its consideration be postponed until the following December; and in the debate on

this motion you yourself, as representative of the manufacturing interests of your State, spoke as follows:—

"I shall vote, Mr. President, to commit this bill to the Committee on Finance, with instructions to report early in December. I shall so vote because I believe the permanent interests of the whole country demand that the adjustment of the tariff should be made after the most thorough examination, research, and care. Congress cannot take too much time, nor devote too much attention, to the proper adjustment of a measure that so deeply concerns the revenues of the Government and the varied productive interests of the country. * * *

"What I objected to the other day, and what I object to now, is, that New England should be singled out and charged with the sin of the paternity of this measure. While the representatives of Massachusetts and of New England have voted on general principles for this bill, they have so voted with a great deal of hesitation, doubt, and reluctance. They saw what was clear to the comprehension of gentlemen of ordinary intelligence, that this measure imposed increased duties upon raw material, increased largely the cost of production, and subjected the manufacturing and mechanical interests of their section to the censure and hostility of those who spare no occasion to manifest their hostility to that section of our country."

Here, as ever, "cheap raw material" is, as you see, the one object to be accomplished. Pending the existence of the reciprocity treaty Nova Scotia coal had come in free of duty, and Boston capitalists had, as it is understood, become largely interested in the properties by which it had been supplied. The treaty having been abrogated, the special protection they had so long enjoyed was now to cease, and the fact that this new tariff bill did not provide for continued import of coal duty free, constituted the main objection to it. Here, as everywhere, the mining interests were made the object of attack; "cheap raw materials," whether "lead or tin, brass or iron," being, as you had told the Senate in 1857, essential to your constituents. Who, however, would, in this case of coal, have paid the duty? The manufacturers? Not one cent of it. The man who *must* go to market *must pay the cost of getting there*, as is so well known to the farmer of Iowa who sells for a few cents a bushel of corn that in Massachusetts would command almost a dollar. The price of coal is fixed by the domestic supply, and to that the importer must conform, whatever may be the cost of transportation, or charges of the revenue. The Boston owners of coal mines would have been required to pay the duty fixed by the bill before the Senate, yet was no effort spared for inducing the people of Massachusetts, and of New England generally, to believe that it was a tax to be paid by *them*.

In the division that ensued we find extremists of the North and South combined for destruction of the common enemy, the miner and the laborer—Massachusetts and Kentucky voting together for postponing a measure having for its object the "stimulation of domestic competition" for purchase of the rude products of mining and agricultural labor; and New York and Massachusetts

giving all the votes required for securing postponement of this important bill to another session.

At the next session a bill, nearly similar, passed the Senate; and now we find in the House a near approach to the senatorial action of the previous year. The majority of the latter was decidedly favorable to protection, and the state of the country demanded that it should be given. By no direct action could the bill be defeated; but here, as everywhere, there were indirect modes of accomplishing that which directly could not be done. Its management fell into the hands of a representative of Boston capitalists, and the result exhibits itself in the prostration of the industrial interests of the country; and in the fact, that not only do we export all the gold received from California, but that we are running in debt to Europe to an annual amount little less than $200,000,000. In this way it is that we are carrying into practical effect "the democratic idea of the Declaration of Independence," making our people from day to day more dependent on the capitalists of Massachusetts and of Europe.

It may be asked, however, if the Boston capitalist engaged in the cotton manufacture does not suffer equally with those elsewhere engaged in other industrial departments? He does not. Having secured an almost entire monopoly, all he desires is that nothing shall be done that will "stimulate domestic competition;" and to that end, as I understand, New England men have shown themselves inflexibly opposed to the granting of any more protection than that which they themselves required, or little more than that now allowed them. With them capital abounds, interest is low, and machinery exists in great perfection. Just now, they suffer in some small degree; but they find their compensation in the fact that, as before in 1848, and again in 1857, their competitors in the purchase of cotton and sale of cloth, are being ruined beyond redemption. In this State nearly all the mills have been already stopped, and the effect of this well exhibits itself in the fact that Eastern journalists now tell us, that "factory cloths are easy, with an upward tendency in prices, the stocks in first hand in all New England not exceeding 150,000 pieces." The more frequent the crises, the more dangerous the trade; and the more the free-trade cry can be raised, as is now being done throughout New England, the less is the danger of "domestic competition" for the purchase of cotton and for the sale of cotton cloth; and therefore is it that Eastern cotton manufacturers have been enabled to build up the immense fortunes that we find recorded. The system here pursued by them closely resembles that of the great British iron-masters, as below described; the latter being as much intent upon having a monopoly of the supply of iron to the world as are the capitalists of Boston upon monopolizing that of cottons for the Union.

"The laboring classes generally, in the manufacturing districts of this country, and especially in the iron and coal districts, are very little aware

of the extent to which they are often indebted for their being employed at all to the immense *losses* which their employers voluntarily incur in bad times, in order *to destroy foreign competition, and to gain and keep possession of foreign markets.* Authentic instances are well known of employers having in such times carried on their works at a loss amounting in the aggregate to three or four hundred thousand pounds in the course of three or four years. If the efforts of those who encourage the combinations to restrict the amount of labor and to produce strikes were to be successful for any length of time, the great accumulations of capital could no longer be made *which enable a few of the most wealthy capitalists to overwhelm all foreign competition in times of great depression*, and thus to clear the way for the *whole trade* to step in when prices revive, and to carry on a great business before *foreign* capital can again accumulate to such an extent as to be able to establish a competition in prices with any chance of success. *The large capitals of this country are the great instruments of warfare against the competing capitals of foreign countries*, and are *the most essential* instruments now remaining by which our manufacturing supremacy can be maintained; the other elements—cheap labor, abundance of raw materials, means of communication, and skilled labor—being rapidly in process of being equalized."

For "iron and coal" read cotton, and for "foreign competition" read "domestic competition," and you will have an almost perfect history of Massachusetts policy for the last twenty years.

Such, as I understand it, is the true history of your State in relation to the question of *real* freedom of trade, *real* freedom for the men who labor, *real* love for the whole Union, and *real* tendency towards enabling freedmen of the South in any manner to profit by the "bloody struggles" through which they and we have so lately passed; and which you here describe as the "struggle on this continent between the democratic idea of the Declaration of Independence and human bondage." The one great object to be accomplished has been that of having "cheap raw materials" at whatsoever cost to the miner and laborer, black or white; and to that end there has been coalition with Canada and Carolina against the West; with Nova Scotia and the South against the Centre; with any and everybody, indeed, that could be made to contribute towards placing the State you represent in the same position as regarded the Union as is now occupied by Britain in reference to the world at large. If it has, in any of its parts, been misrepresented, I shall be most glad to give publicity to any correction that may seem to be required. Postponing, for the present, all remarks thereon, I shall, in another letter, present for your consideration a similar review of the action of this State as representative of the mining interests, of all others the most important in, and to, the Union: meantime remaining,

Yours, faithfully,

HENRY C. CAREY.

HON. HENRY WILSON.

PHILADELPHIA, Sept., 1867.

LETTER SIXTH.

DEAR SIR:—

The cotton manufacturer, at a time of serious crisis, discharges some of his hands, putting the rest on half or quarter time and holding himself ready, on the instant when danger shall have ceased, to go ahead and reimburse himself for all that he had lost; doing this by means of higher prices consequent upon the suppression of "domestic competition" that had been brought about.

With those engaged in supplying fuel all is widely different. Mines must be kept free from water whether coal is shipped or not, and pumping is an expensive process. Timbers decay, iron rusts, and both need to be replaced. Coal that should be mined, but for which no market can be found, now falls, and tracks become encumbered—the general result being, as I have always understood, that the difference to the operator from maintaining a mine in idleness on one hand, or full work at the other, is so small as scarcely to be imagined by those not familiar with mining operations. Stoppage to him, therefore, is almost utter ruin. To go ahead is little worse, and therefore is it that the mining record of the State furnishes an exhibition so appalling of the ruin of active, intelligent men, to whose energetic action the country has stood indebted for the cheap fuel now in daily use; that fuel to which your State, as well as all New England, owes the development of its manufacturing industry; and that by means of which, alone, we have so recently been enabled to maintain the great blockade, and to pass successfully through the war.

The mine and the furnace, bases of the industrial pyramid, are always the first that are, by reason of absence of demand for their products, compelled to stop. They are, too, always and necessarily last to resume operations. The tariff of 1842 was, so far as the value of coal property had been concerned, wholly inoperative until the autumn of 1844, at which time the manufacturers of Massachusetts, profiting by that annihilation of "domestic competition" for the purchase of cotton or the sale of cloth which had resulted from repeated British free-trade crises, had more than repaid themselves for all the losses they had suffered. So has it lately been; the first two years of the tariff of 1861 having enabled your people to make enormous fortunes, coal meanwhile remaining almost as stagnant as before. The war was more than half over before the occurrence of any essential change in the value of coal property or the profits of coal shippers. Were we now to have a restoration of the societary circulation, several years would be required for restoring the coal region to anything approaching to life and vigor; Massachusetts meanwhile accumu-

lating hundreds of millions of dollars, and going on her way rejoicing. The need of the miner for regularity of the social movement as much exceeds that of the manufacturer as that of the latter exceeds that of the keeper of a grog-shop.

To a great extent, however, the damage done can never be repaired. Mines having been allowed to fill up, coal has been abandoned. The little that could be readily obtained has been dragged out and sent to market, leaving enormous masses to go to waste. To such an extent has this been the case that it is now safe to say, that for *each* ton that has gone to market, *three* have been utterly wasted. Therefore is it that although the whole quantity shipped in more than forty years scarcely exceeds, if indeed it equals, eighteen months' supply for Britain, a very considerable proportion of the region has been entirely exhausted, and very much of it so scratched over as to have caused damage that can never be repaired. The industrial history of the world may be searched in vain for any so wanton waste of wealth, happiness, and national power, as has, by aid of the combined efforts of British and Eastern free-trade believers in "cheap raw materials," and in the advantages of cheap labor, been perpetrated in the coal region of Pennsylvania.

For all these reasons the mining regions of the country—those regions of which Pennsylvania is the representative—require more than any others, such a policy as tends to make of that Declaration of Independence to which you have referred, something more than a mere form of words—such an one as tends to give steadiness of action to the societary machine. Has Massachusetts policy tended in that direction? Look, I pray you, to the exhibit thereof presented in my last, and satisfy yourself if much of the instability of the last twenty years has, or has not, thence resulted; and if the question might not now be fairly put as to whether, even to-day, the danger to the Centre of close political connection with an almost exclusively trading community like that you represent, looking, as it has always done, exclusively to the cheapening of raw materials at the cost of their producers, is not fully as great as has ever been that of a connection with planting communities like those of Alabama or Mississippi. To my mind it appears to be even greater, and it is my belief that conviction to this effect will, without a total change of Massachusetts policy, at no distant day force itself upon the minds of the people of the central and mining States.

To the Union at large the development of Pennsylvania coal mines has been worth thousands of millions of dollars. To that it has been due that you have found yourself enabled to say in your Address that "we have triumphed;" that "we are proud and strong;" that "we have lifted the country towards the heavens;" that "we are a greater people than ever before." But for Pennsylvania anthracite not one word of this could now be said. The cause of the North would this day be "the lost cause," had the

chance of war closed the sources from which the coal has been derived; and yet, so far as relates to the persons who have supplied the means required for its development, *it would have been very far better if not a ton of anthracite had ever been found in the State;* or, if found, it had been left where it had first been placed. Had the whole anthracite region, and the improvements of every kind in and leading to it, on the 1st of January, 1861, been appraised at the price in money it would have then commanded, and to the sum then obtained had there been added all the rents and dividends to that day received, the gross amount would not, in my belief, have even been equal to two-thirds of the money that had been given to the work of development, *leaving wholly out of view any price originally paid for the land itself.* It had enriched all but those who had done the work.

Half a dozen years having since elapsed, it might be well, perhaps, for you to pay a visit to the region, and satisfy yourself as to its present condition and its prospects in the future. Doing this, you would find thousands of men, victims of the "cheap raw material" system, wholly unemployed, and very many whose wives and children stand much in need of increased supplies of food and clothing. Looking to the machine shops to which you had been indebted for power to close the southern ports against blockade-runners, you would find them idle. Inquiring for the mechanics, you would learn that not only had they long been unemployed, but that there existed little prospect of demand for the services they so much desired to render. Passing around among the mines, you would be told that where they had not been utterly abandoned, their maintenance had, for a long time past, been rapidly eating up all the profits on the coal supplied to the various workshops by means of which republican armies had been enabled to achieve the great "triumph" of which you speak. Asking for the remnant of the troops which, on receipt of the first advice of danger, and in advance of the men of Massachusetts, had so promptly rushed to the rescue, you might, as I think, find that their wives and children had become candidates for poor-house quarters. Having carefully studied all these things, you might next, perhaps, inquire what had been the effect of paralysis so perfect upon the owners of all this vast property, valuable as it had been supposed to be. In answer, you might be told, that you had before you, in a single valley, 70,000 acres, richer in coal than any other in the world, nearest of all to market, and best supplied with roads; which yet would give to their unfortunate proprietors little more than would be required for paying the additional war taxes, leaving wholly out of view those required of old for education, maintenance of the roads, and other local purposes. Such, in my belief, is the actual fact.

Taking now a bird's-eye view of the whole region, you might, on full reflection, be led to the conclusion that the vote of last year in favor of the Massachusetts system, that one which looks

to the cheapening of raw materials and to the establishment of a single market for the Union, had cost, to it alone, a sum more than, if so applied, would purchase all the cotton and woollen mills of your State, and all the houses of the people that in them were employed.

Let the people of Massachusetts now, for a moment, change places with those of this State, finding themselves and their property so placed, and then reflect what would probably be *their* modes of thought and action. Might they not be led to think that further political connection with us was a thing to be dreaded, and not desired. Might they not be disposed to inquire into the effects that had resulted from an improper accumulation of power in the hands of 3,000,000 at one extremity of the Union? Might they not begin to see that sectionalism at the North was as greatly to be dreaded as sectionalism at the South? Might they not be led to arrive at the conclusion, that the work of reconstruction could not be regarded as having been achieved so long as the whole nation should be required to aid in the construction of an inverted pyramid, the little apex of which was to find its place among the mills of Lowell and of Manchester? Might they not, finally, be brought to a *determination* that what really was needed was not so much *reconstruction* as the *construction* of a true pyramid, with a base so broad as to enable it to cover every part of that great farming and mining region—the richest in the world—which, with exception of that small portion of the mere surface occupied by extremists North and South, is co-extensive with the Union, and embraces all its territories from the Lakes to the Gulf, and from the Atlantic to the Pacific? I think they would. If, then, such would probably be, when so placed, their modes of thought, what *should be now* the modes of thought and action of those who really own the State, and who so long have found themselves, as between the upper and the nether millstone, ground between the rival States of Carolina and Massachusetts?

Leaving you to reflect on the answer proper to be given to this important question, I remain, for the present,

Yours, faithfully,

HENRY C. CAREY.

Hon. Henry Wilson.

Philadelphia, September 10, 1867.

LETTER SEVENTH.

DEAR SIR:—

Massachusetts is the type of that portion of our population which has its home north of the 41st parallel, and which, more than any other, finds in trade the chief occupation of life. In like manner, in Pennsylvania is found the type of that which occupies the territory between 39° 30′ and 41°, and with which farming and mining, and the conversion of the rude products of both, make most demand for physical and mental force. Of that force, she is, and has always been, the representative, and therefore has it always been, that as she has gone so has gone the Union. What has been her course in the past, and what are her claims in the present for occupation of a position so important, it is proposed now to show.

The Constitution, as completed by the Convention of 1787, gave great satisfaction to the smaller States, placing them, as it did, on an equal senatorial footing with the larger ones, and securing them against that absorption by these latter which had been not a little dreaded. Would, however, Massachusetts be content to accept as an equal in political power the little Rhode Island? Would Virginia be so by Delaware? or Pennsylvania by the little State beyond the Delaware?

First to answer this question was Pennsylvania, the call of a Convention for the purpose of considering the Constitution having been issued almost instantly on learning that the general Convention had completed the work intrusted to its hands. First, with exception of little Delaware, she ratified it, doing this by the large majority of two to one, and thus setting an example of magnanimity which was but very slowly followed. First of the large States to follow was Massachusetts, but her action long remained in doubt, and the majority was but 19 in a body of 355. Some months later came the Virginia Convention, and here the doubt was greater still. Ratification was, however, at length effected by the meagre majority of 10 out of 160. From the first New York had been opposed to union, and the signature of but one of her representatives in the Convention, that of Hamilton, is appended to the Constitution. Very late in taking it into consideration, the opposition in the State Convention proved then so fierce as to make it in the highest degree doubtful if ratification could be at all obtained. When, however, it had been ascertained that nine States, the necessary number, had at length given in their adhesion—that formation of the Union could in no possible manner be prevented—that power had already been given to a Federal government that might be used coercively—then, and not till

then, was ratification obtained; and yet, by little more than a bare majority, the ayes having exceeded the noes by only three.

But for the prompt and decided action of Pennsylvania the Union would not have been formed. But for her steady adhesion since it could not have been maintained. By the one she earned the title of the Keystone State; by the other she has, as I propose to show, vindicated her claim thereto.

Five and twenty years later we find in Massachusetts the first attempt at secession, followed a few years after by Carolina nullification of the law, as preparation for further and more decided action. On both occasions Pennsylvania stood unflinchingly by the Union. From that hour the question of its further maintenance rested with her, and *her alone*. Had she been willing to abandon her Northern friends, she might, as is well known, have made her own terms. Offers of every kind were made to her. Always faithful, she treated them with that contempt they merited, and the records of Congress would, as I think, be searched in vain for evidence that she had ever, even for a moment, been willing to profit herself at the cost of any whatsoever of the great national interests. The greatest of all, the maintenance of the Union, was in her especial keeping; and on that head she now stands before the world with a record that is without a parallel in the world.

First at the ballot-box in 1860, she, by the vast majority given to Gov. Curtin, decided the question between Messrs. Lincoln and Breckinridge. First again at the ballot-box in the dark hours of 1863, she saved the Union at a time when both New York and New Jersey had passed under the control of sympathizers with the rebellion. Had she then failed, the Union would have perished.

First in the field in 1861, her hardy miners preceded, by a single day, the men of Massachusetts. First to appreciate the importance of prompt exertion, she raised and equipped an army of sixteen thousand men, of whom not so much as a fifth returned from the field unharmed. Placing at the head of her divisions the best officers of the State, she tendered them to the nation, and had they been as promptly accepted as they had been promptly raised, the result of the Bull Run battle would have been widely different.

First to appreciate the importance of social organization, the loyal men of her commercial capital set the example of forming themselves into a League for controlling and directing the public opinion of the State—and with what effect I need not tell you. Leaving wholly out of view its other important services, it stands now alone as an association of individuals that had, at their own private cost, placed ten full regiments in the field.

First to feel that every private, of whatsoever State, was to be regarded as the people's friend, that city fed, and kindly cared for, every man of the many hundreds of thousands who passed from north to south, or from south to north.

Alone in the possession of anthracite, whose development had

caused the ruin of most of those concerned therein, she furnished nearly all the motive power that maintained the blockade; that kept in operation all the mills and shops from which the Union obtained its rifles and its cannon, its cloth and its ships, and most of its internal revenue.

Alone in the possession of furnaces and rolling-mills in quantity sufficient for doing the greatly needed work, their owners, then so recently denounced by Eastern friends as little better than public robbers, supplied nearly all the iron needed by mills and shops throughout the Union.

Without Mr. Lincoln, without Stanton or Grant, without Meade or Sheridan, without any other State, the war might, perhaps, have been brought to a successful conclusion. Without HER no war could have been maintained for even a single hour. Had Lee succeeded at Gettysburg, he would have controlled the sources of national power, and the war would have been ended. Then, as ever, as Pennsylvania went, so has gone the Union. As she may in future go, so *must* the Union go; all the obstacles that have, till now, stood in the way of combined Central and Southern action having been removed.

Having thus shown what had been her course in the recent eventful years, allow me now to ask that you should re-read my last, and satisfy yourself as to what has been her compensation. Look at her abandoned mines! Look at her closed-up rolling and spinning-mills! Then, I pray, re-peruse the adverse speeches that have been made in Congress in reference to her interests; *interests a hundred-fold greater in national importance than some of those in regard to which our Eastern friends have been accustomed to be so eloquent.*

Leaving out of view, however, her own private interests, it is her duty, as GUARDIAN OF THE UNION, to look to those of the whole people, North and South, East and West, and satisfy herself what has thus far been the result of a commercial policy whose tendencies have all been in the direction of giving to the East an entire monopoly of the cotton manufacture, while depriving the most important portions of the Union of all power to avail themselves of the vast mineral wealth in which their territories so much abound. Doing this, as she *must* now do, she meets with the striking facts in regard to cotton cloth, and iron, that will now be given :—

Twenty years since the domestic consumption of cotton had reached 600,000 bales, being the equivalent of	pounds	250,000,000
The import of foreign cottons was then about 40,000,000 yards, equal, probably, to	pounds	6,000,000
	Total,	256,000,000

The population was then about 20,000,000, and this would

give a total consumption of more than 12 pounds per head; and a growth, in five years of full and complete protection, of fully 70 per cent.

Last year the domestic consumption required, as I am informed, 700,000 bales. This year it will need but little more than 600,000. Taking it, however, at even 650,000, we obtain, say, . . .	pounds	270,000,000
The import of the first four months of the year was 20,000,000 yards; at which rate we should have for the year 60,000,000, the equivalent of probably . . .	pounds	10,000,000
	Total,	280,000,000

Within this period we have mined of the precious metals to the extent of some twelve or fifteen hundred millions of dollars. Nevertheless, instead of an increase, we have large decrease, the consumption, per head, having fallen *from twelve pounds down to eight;* the quantity being little more than it had been when the pro-slavery tariff of 1846 came into practical operation. Such have been the results of the policy which has looked to the cheapening of raw materials; to the discouragement of "domestic competition" for their purchase; and to the practical subjugation of the miners, farmers, and laborers engaged in their production! The Massachusetts system has in view nothing beyond enrichment of the capitalist, while that of Pennsylvania tends towards giving to labor that real freedom which results from growing competition for its purchase. Of the two, which, my dear sir, has most tended to "destroy human bondage?"

In 1842 our production of iron was about 220,000 tons, and our total consumption, of foreign and domestic, about 300,000. Five years later, the production, as stated by Mr. Walker, and as subsequently confirmed by the iron-masters themselves, was 700,000. The import was then about 100,000, giving a total of 800,000, and an increase, under thorough protection, in the five years that had then elapsed, of 167 per cent.

Twenty years have since passed, throughout a large proportion of which it has pleased the representatives of Massachusetts to array themselves on the side of cotton-planters, slave owners, railroad monopolists, and all other opponents of real freedom, against the people of the mining regions of the country, the result now exhibiting itself in the following facts, to wit: that the average product of the last three years has been but 1,100,000 tons; that the quantity this year made will be less than that of the last by 200,000 tons; that the import of the year will probably reach 200,000, in payment for which we are sending by every steamer all the gold yielded by the Pacific and Mountain States; that the total consumption of the year will, in actual quantity, be but 65 per cent. greater than that of 1847, although our population has almost

doubled; that the consumption per head, which had more than doubled in the protective years from 1842 to 1847, has now fallen to less than it then had been; and that, as the consumption of iron furnishes the best of all tests of advancing civilization, we must have gone forward rapidly under protection, and have been retrograding ever since its abandonment in 1847.

In facts like those here presented, in relation to both cotton and iron, there is found, as it seems to me, no evidence that we are likely long to have to boast "that we are a greater people than ever before;" or that "hereafter, in the future, we shall be friends and brothers as we were in the morning of the Republic." Had the tariff of 1842 been maintained, we should be now making of the one 4,000,000 tons a year, and consuming or exporting in the shape of cloth, 3,000,000 bales of the other; the nation becoming *really* great, the colored population of the South, meanwhile, peacefully advancing with profit to themselves and their owners towards a freedom far more perfect than that which, at the cost of hundreds of thousands of lives, and thousands of millions of property, they have as yet obtained.

To all this, however, in the eyes of the capitalists of New and Old England, there would have been one objection, to wit, that it would have greatly raised the prices of raw materials throughout the South—land, labor, and the rude products of both. It would have made a market on the land for both food and cotton, and would so have facilitated consumption of the latter that the price would never have been below $80 per bale. It would have made throughout the South that competition for purchase of human force, physical and mental, which would have "destroyed human bondage." It would have made throughout the Centre and the South a network of roads that would have tied together all the States of the Union just as now are bound together those of the little and compact New England. Giving us, quietly and profitably to all, an universal freedom, we should have gone gently ahead towards the *construction* of a "more perfect Union," and would have been spared the present necessity for *reconstruction*.

You speak of the "warm and generous greetings" with which the South will now be welcomed. What is there needed is, however, something more than a mere form of words. The ballot-box is of little use for filling the stomach, or for repairing roads. The South sees the price of cotton steadily falling, until it has now, in Liverpool, reached ten-pence, the equivalent of twenty-eight cents. Why is this? Because, under the industrial and financial policy now advocated by Massachusetts, the domestic consumption, instead of rising this year, as it should have done, to 1,100,000 bales, has fallen to 650,000, at a cost to the South, on a crop of 2,500,000 bales, of $100,000,000.

Such, my dear sir, are the "greetings" thus far given by Massachusetts to Carolina, Georgia, and Alabama. Let those

of the future be of the same character, and the day will not then be far distant when you and your fellow-citizens will find yourselves compelled to the conclusion that you had been quite in error when you had said that "all our troubles had passed away forever." British free-trade built up slavery and made the rebellion. Let it be maintained, and it will defeat all your efforts at reconstruction.

Yours, very truly,

HENRY C. CAREY.

HON. HENRY WILSON.

PHILADELPHIA, Sept., 1867.

LETTER EIGHTH.

DEAR SIR:—

The *greatness* of our country, of which, in common with so many of its people, you so recently have spoken, is, as you see, being manifested not only by a diminished power over our own mineral deposits, but by a diminution in the ratio of consumption, whether of domestic or foreign production, to population. Why is it that such has been, and now is, the case? Is it because of any deficiency in the quantity of ores at our command? That you may yourself answer this question, I here, leaving this State wholly out of consideration, present you with an account, by a recent traveller, of some of the midland counties of Virginia, as follows:—

"I have rambled over the best portions of Goochland, Fluvianna, and Buckingham Counties, mixed freely with their people in all conditions of life, and witnessed an amount of mineral wealth of which you in the North have not the remotest conception—an amount of wealth quite equal to, if not in some instances surpassing anything to be found in California. I know that much of what I am about to tell you may be received with incredulity; but facts are stubborn things, and nothing is easier than for those who may doubt me to come here and look with their own eyes.

"That Virginia contains the precious metals every geologist and mineralogist has long been aware; and there can be but few intelligent readers who are ignorant of the fact that enormous fortunes have been extracted from isolated places of wide reputation—such, for instance, as the London Mine, in Buckingham County, in this State. But very few, I venture to say, know the vast amount of treasure which runs through Virginia in her entire length—a distance of not less than two hundred miles, by at least sixty miles in width.

"In that magnificent belt of richness, revealed to her by the same mighty convulsion which heaved the Blue Ridge chain of mountains from her womb, are to be found, in the greatest abundance, gold, silver, copper, iron, platinum, cinnabar, lead, plumbago, tin, coal, roofing-slate of the most durable kind, marble of the rarest beauty and perfection, and a variety of other valuable mineral substances—such as gypsum, limestone soapstone, hone-stone, equal to anything Turkey ever produced—too long for enumeration."

What is here said of these few counties is almost equally true in reference to the whole uplands of the South, fuel and ores, and especially iron ore, abounding to an extent wholly unknown in any other country of the world; and it is in behalf of that region of marvellous mineral and metallic wealth, as well as in her own, that Pennsylvania has asked protection. The idea of preventing the growth of "domestic competition" for the purchase of ores, or for the sale of iron, finds, as I am happy to say, no place in *her* record.

Among the richest of the States in these respects is Alabama, fuel abounding and her ores being fitted, as I understand, for production of iron fully equal in quality to the very best obtained in Pennsylvania.

Crossing the Mississippi, we find in North Louisiana, according to a report recently made to the Legislature by the Hon. Mr. Robertson,

"Iron ore so abundant as absolutely, at some points, to obstruct agriculture. Vast heaps of rich ores may be seen piled up in the fields. In De Soto and West Nachitoches is a vast field of granular and argillaceous ores, many miles in extent. This iron field lies north and northeast of Pleasant Hill, and all the necessary concomitants for the successful manufacture of iron are to be found in convenient proximity and in great abundance. A large portion of Claiborne and Bienville is an immense iron bed. Jackson and Winn are also rich in their beds of iron ore. The superficial surface ores, brown hematite and granular, of these parishes, would supply hundreds of furnaces for years to come. Seven miles east of Minden is a rich field of iron, lying for miles around the base of Fort Hill, a huge hill which rises above the surrounding country in three distinct and broad terraces. Around the outer edges of these terraces are natural embankments of arenaceous boulders, each embankment some seven or eight feet in height. This bed of ore extends to within four miles of Minden on the northeast, and from that point it may be continuously traced through Mount Lebanon, and nearly to Sparta, in Bienville parish. The region around Mount Lebanon is peculiarly rich in valuable ores."

From the iron mountain of Missouri to the near neighborhood of the Gulf such ores abound, and in a profusion of which the European world has no conception, yet is our consumption, per head, less than it had been when Congress, under the lead of Mr. Walker, abandoned the road towards freedom for all, black and white, to re-enter upon that pro-slavery one to which we had been indebted for the numerous crises which had occurred between 1837 and 1842.

These are striking facts, and such as would, in any other country, command the consideration of men professing to be statesmen. Here, however, they are not regarded as sufficient to offset the demand for cheap iron made by Massachusetts makers of pins or penknives who fail to see that the greater the "domestic competition" for the sale of their raw material, the cheaper must it become, and the greater the growth of the domestic commerce the more must be the demand for both pins and knives.

Turning now to France, badly supplied with ores, and compelled to look for coal to Belgium and to Britain, we find the domestic production and total consumption, foreign and domestic, in the last six years, to have grown as follows :—

	Production.		Consumption.	
	Pig—tons.	Iron—tons.	Tons.	Tons.
1860 . . .	880,000	560,000	935,000	500,000
1861 . . .	890,000	672,000	1,030,000	550,000
1862 . . .	1,070,000	700,000	1,270,000	788,000
1863 . . .	1,150,000	790,000	1,330,000	790,000
1864 . . .	1,175,000	795,000	1,270,000	735,090
1865 . . .	1,191,000	848,000	1,320,000	810,000

With no perceptible increase of population, the average increase of these quantities is about 50 per cent. In twenty years of British free-trade, and its attendant crises, our own has retrograded in its ratio to numbers, when it should have quite quadrupled. Seeing all this, I find myself unable to see how we can fairly make the boast, that "we are greater than we ever were before."

It may be said, however, that is the free-trade period, and so it *will* be said by those who find their profit in blinding our people's eyes to the fact that French free-trade meant merely the passage from prohibition to highly protective duties; and, that the protection this day enjoyed by those engaged in developing the mineral resources of France, is fully equal to that given by our tariff of 1861, before internal taxes had so nearly nullified the little that had been granted. In proof of this permit me to refer you to the following comparative table :—

Names of Articles.	Quantities.	French duties under the Reciprocity treaty in American money.	U. S. duties under the Morrill tariff.
Iron, pig, and old cast iron .	ton.	$4 39	$6 00
Iron, old broken wrought . .	ton.	6 35	6 00
Iron, bar	ton.	13 68	15 00
Iron, railroad	ton.	13 68	12 00
Iron, sheet	ton.	25 41 to $31 28	20 to $25
Iron manufactures; pipes and solid columns . . .	ton.	8 30	11 20
Iron manufac.; heavy wrought	ton.	17 58	20 00
Iron manufactures; small wares	ton.	29 39	22 40
Iron manufactures; cut nails .	cwt.	97¾	1 12
Iron manufactures; wr't nails	cwt.	1 46½	2 24
Iron manufactures; anchors, chains, cables . . .	ton.	19 54	30 to $33
Iron manufactures; tubes of wrought iron, large . .	ton.	25 40	44 80
Iron manufactures; tubes of wrought iron, small . .	ton.	48 85	44 80
Steel in bars of all kinds . .	lb.	1 3-10c.	1¼ and 2c.
Steel in sheets above 1-12th of an inch thick . . .	lb.	2c.	2c. and 15 ℘c.
Steel in sheets under 1-12th of an inch thick . . .	lb.	2⅝c.	2½ and 15 ℘c.
Steel tools in pure steel . .	lb.	3½c.	30 ℘ cent.
Steel sewing needles . .	lb.	8¾ to 17½c.	20 ℘ cent.

Of far more importance, however, than any moderate difference in the amount of duty, is the fact that in France development of the mineral resources of the country is held to be a matter of national importance. *Canaille* like those, jew and gentile, gratuitously supplied by England for teaching our legislators how to obtain cheap iron, are there not tolerated, Frenchmen having too much self-respect to permit such interference in their domestic arrangements. The iron man of France can, therefore, go confidently ahead, making the large investments required for facilitating cheap production. Here, on the contrary, *as if with a determination that iron never shall be cheap*, the sword of Damocles is always held suspended over him, and he perishes at last for the simple reason that no one dares to lend him the amount required for making the improvements that are needed. Had our legislation in the past exhibited anything like common sense, or real national feeling, we should have now no need for measures of reconstruction.

How rapid has been, and now is, the German progress will be seen on an examination of the following facts: In 1850, the product of steel was valued at $350,000. Ten years later it had reached $1,400,000. Five years still later, having meantime endowed the world with the great gift of the Bessemer process, the figure reached was $10,000,000. In 1850, the total value of pig and wrought iron was but $15,000,000; whereas, in 1865, it had grown to $55,000,000; and all this vast increase was but preparation for new and further movements in the same direction, arrangements, as we are told, having recently been made for great extension of operations.

Five and thirty years of protection have sufficed for constructing the greatest empire of Europe—a true pyramid, based upon the mineral and metallic resources of the State. The same five and thirty years have been by us expended in the effort to create an inverted pyramid with its apex resting upon the cotton and woollen mills of Massachusetts; and with such success that, after expending thousands of millions of dollars, wasting property to the amount of other thousands of millions, and destroying lives to the extent of hundreds of thousands, we are now engaged in an effort at *reconstructing* the rickety edifice, taking no note of the fact that its permanent existence would be in opposition to all experience, as it would be certainly opposed to all the teachings of science.

Were it this day possible so to raise the duties on iron, and commodities of which iron is the chief component, as to make them almost prohibitive, at the same time giving assurance that, despite the claims of pin or penknife-makers, the protection so granted should endure for even one decade; were it possible, I say, to do this, the close of that period would see iron cheaper here than elsewhere in the world; we should then export iron

instead of gold; and then it might be possible to speak with truth of our existing *greatness.*

Three and thirty years since, when the protective tariff of 1828 had enabled us to extinguish the whole national debt, even that which bore an interest only of three per cent.; when the treasury was full to overflowing; when, for the first time, we had achieved a real independence; when immigration was for the first time growing rapidly; then, and then only, could we honestly have made any claim to greatness. Seven years later the country was so utterly without credit that the same bankers who had been paid, at par, a loan at three per cent., utterly refused to lend a single dollar at six per cent. Where was *then* our free-trade *greatness?*

Five years later, the tariff of 1842 having meantime *reconstructed* the country, we had become strong enough to dictate law in the halls of the Montezumas, and to add California to the Union. Then, for the second time, might there have been made some little claim to the idea of greatness. Little more, however, than a dozen years of British free-trade next sufficed for rending the Union asunder and placing both the parts at the feet of Britain.

Two years since, when protection and the greenback at home, and British hostility abroad, had combined for promoting material and moral independence, and had enabled us to pass safely through the war, we might again have laid some claim to be considered "great."

Where, however, are we now? We have a *bigger* country, having added Walrussia to our territories. We have a larger foreign debt than any country of the world. We pay a higher rate of interest than any other with claim to be considered civilized. We produce more of the precious metals than any other, and so perfect is our independence that not a dollar of either gold or silver can be retained. We have the *friendship* of England, and it clings to us as pertinaciously and destructively as did the poisoned shirt of Nessus to the shoulders of Hercules. Having closed our rolling-mills, we now import iron at the monthly rate of $2,000,000, and pay for it in gold-bearing bonds. Having closed our glass-houses, we now import whole cargoes of coal and sand in the shape of window-glass, and pay for them in the gold of California. Having destroyed the demand for coal, we are now destroying the powers of the land itself by which that coal is yielded. Having reduced the consumption of cotton to little beyond the point at which it had stood twenty years since, and having thus compelled so large an export as to have already reduced the British price to ten-pence, we have imposed a tax upon our reconstructed brethren of the South, of probably $100,000,000, and this at a time when they specially need our aid.

Such are the evidences, as they present themselves to my mind, of the *declining greatness* achieved since the peace. Believing

that before the close of another decade, if the Massachusetts policy be maintained, you will see the country arrive at a condition even worse than that of 1861, at that perfection of littleness which, forty years since, was exhibited by what is now the *really* great and powerful Germanic empire, I remain, with much regard,*

Yours, very truly,

HENRY C. CAREY.

HON. HENRY WILSON.

PHILADELPHIA, Sept., 1867.

LETTER NINTH.

DEAR SIR:—

Half a century since the vast country west and north of the Ohio, with its extraordinary wealth of soil, that soil, too, underlaid to an extent elsewhere unknown with coal and ores, contained but half a million of inhabitants. From that time to the present its population has gone on increasing until it numbers now a dozen millions; yet, during nearly all that time has it been required by the allied Southern and Eastern States, that its farmers should altogether fail to profit of the great mineral treasures by which they had been everywhere surrounded, and by aid of which they would long since have been enabled to create a great domestic industry and a varied agriculture. The one desired that food might be low in price that they might cheaply feed their negroes; the other desired "cheap raw material" of every kind, that they might obtain and maintain a monopoly of the cotton manufacture. Compelled thus to go abroad for iron, all the materials of which lay beneath their own proper land; compelled, too, to send their wool abroad to be returned in the form of cloth—the people of that vast territory have found themselves limited in their cultivation to those white crops of which the earth yields but little, and which, for that

* Since writing the above I have received a very interesting account of the mining operations of BELGIUM, giving the following facts:—

From 1850 to 1863 the increase of production was as follows—

Of coal, per cent.	100
" mineral, per cent.	100
" forges and mills, per cent.	300
" foundries, "	250

In proportion to the numbers of her people Belgium now produces eight times as much coal as France, between twice and three times as much as Prussia, only one-fourth less than Great Britain, and the quantity doubles every fifteen years. This, too, occurs in a country whose coal fields scarcely exceed in their extent those of our anthracite region alone, and whose population increases so very slowly that a century and a half would be required for its duplication.

reason, could alone bear carriage to distant markets. Green crops, of which the earth yields by tons instead of bushels, and by means of which the soil is best prepared for white ones, have, as a rule, been interdicted, the cost of transportation to distant cities having been greater than the prices that could be obtained when those cities had been reached. The place of consumption being far distant from that of production no manure could be returned upon the land; and, as a necessary consequence of this, it became yearly poorer than before. The greater its poverty the more imperious became the necessity for change of place, and thus it has been that a few millions of people have been scattered over a surface capable of feeding half the population of the earth. The more they scattered the more did they become subjected to damage to their crops resulting from winters of so intense a cold as to compel them to postpone to spring the sowing of their various seeds. The more they scattered over the prairies the greater became their need for fencing, and for their own protection against the winter's blast, and the greater became the difficulty of bringing from a distance the lumber so much required. The more they scattered the more were they compelled to place their dependence on a single crop, and the greater their losses resulting from excess of moisture or of heat. The more they scattered the greater became the need of roads, and the greater the difficulty of obtaining iron, the ores of which, and the fuel with which to smelt them, lay beneath their feet; they themselves, meanwhile, wasting annually a larger amount of force, physical and mental, than would have been required for erecting furnaces, forges, and rolling mills, in quantity sufficient to supply with iron all the people who could then, or now, be found between the Rocky Mountains and the Atlantic.

The single form that agricultural improvement has taken throughout almost the whole territory has been that of machinery for facilitating the reaping of the crops, large or small, that have been yielded by land from which the soil has been, and is being, annually carried off to distant markets. With every such *improvement* less and less has been consumed at home, the result exhibiting itself in the fact, that the average yield of wheat by the originally fertile soil of Ohio, Indiana, and Illinois, scarcely exceeds, if indeed it equals, a dozen bushels to the acre.

Twenty years since Britain offered to the world, as consideration for abandoning all further efforts at industrial independence, a repeal of her Corn Laws, thereby granting to them the great boon of supplying her few and impoverished artisans with food. Germany, nevertheless, went straight ahead, and so did France, developing their mineral resources, and thus making a market on the land for all its products, the result exhibiting itself in the fact that not only has their consumption of iron increased twice, if not even thrice, more rapidly than the numbers of their respective populations, but that they have fairly distanced Britain in the importance of their inventions, the beauty and the excellence of their iron

fabrics. With us the course of things was different; we having promptly swallowed the bait that had so skilfully been proffered. Abandoning the policy of freedom under which our domestic consumption of cotton and our domestic production of iron had, in the short space of four years, almost trebled, we returned to the pro-slavery British free-trade system, the result exhibiting itself in the facts that not only do we now consume less iron per head than we did twenty years since, but that our consumption of cotton is scarcely more in quantity than it then had been.

During nearly the whole of this long period Massachusetts has cried aloud for cheap raw materials, whether corn or cotton, coal, tin, lead, or iron, and to the end that they might be "cheap" she has coalesced with British iron-masters in waging systematic war upon the greatest of all national interests, coal and iron. The result, so far as regards the first, exhibits itself in the fact that, with beds of fuel so vast and rich as to be without a parallel in the world, the quantity this year mined will scarcely exceed, if, indeed, it equals, the *addition* made to the British quantity as compared with that of seven years since.

Such having been the price paid for the privilege of underworking the British agriculturist and supplying the British artisan with "cheap" American food, we may now, for a moment, look to see to what extent the end in view has been obtained.

At the date of the repeal of the Corn Laws the import of wheat into Great Britain, as given in an article just now published, was 1,141,967 quarters, or, in round numbers,

about	bushels	10,000,000
By 1850 it had grown to		44,000,000
In 1858 it was		25,000,000
" 1860 "		65,000,000
" 1861 "		76,000,000
" 1862 "		100,000,000
" 1865 "		54,000,000
" 1866 "		60,000,000

Of these enormous quantities how much have we, owners of what we had been accustomed to look upon as the granary, *par excellence*, of the world, on an average of the last ten years, supplied? Just *seven millions*, that being the mess of pottage for which Mr. Secretary Walker sold our birthright, and that being the great trade in whose behalf our Massachusetts friends require that we close our mines and furnaces, and import, duty free, our railroad bars! For every dollar's worth of food that we send to Britain, France sends, as I think, half a dozen. Why? Because France avails herself of her mineral resources, few and poor as they are, and thus creates a real agriculture! Because, refusing to profit of the almost inconceivably vast mineral wealth at our command, we compel our farmers to export their soil to distant markets, with daily diminution in the power of the land to yield

return to labor! Because French policy tends to "stimulate domestic competition" for purchase of the rude products of the field, and for the sale of finished commodities! Because, with us, the extreme North and the extreme South have always been united in a policy whose object has been that of compelling the West to look South or East, and not homeward, for any market for its products. Because the pin and pen-knife makers of the East can command the votes of Massachusetts, at the cost of those who mine the coal and produce the iron by means of which blockades have been maintained.

The "cheap raw material policy" having now, with slight exception, prevailed for twenty years, let us for a moment inquire into the progress thus far made.

In the first four months of the present year the total of our domestic exports was, in round numbers, $184,000,000, the equivalent of $120,000,000 in gold.

Of this Cotton furnished	$108,000,000
Gold	19,000,000
Coal-oil and oil-cake	6,000,000
Tobacco	6,000,000
Breadstuffs and provisions	22,000,000
Lumber, rosin, and turpentine . . .	6,000,000
Whale-oil	1,000,000
Making a total of	$168,000,000,

the products of little else than the rudest labor, and leaving but $16,000,000, the equivalent of $10,000,000 in gold, as the representative of an amount of industrial capacity that has no equal in the world, and that ere this, under a system tending to "stimulate domestic competition," would have placed us in a position to convert the whole of this food and cotton into cloth; to give to the world $50,000,000 per month of commodities whose production would be tending daily towards stimulating into full activity all these faculties for whose development we maintain our public schools.

Men and nations, my dear sir, become greater as they more and more acquire the power of self-direction. France finishes all her commodities, and can go with them *where she will.* We, more enlightened as we think ourselves to be, send forward all our products in their rudest form, and go with them *where we must.* The one requires the world to come to her, and *determines the price they must pay;* the other, always seeking buyers, piles up her goods in Liverpool and Havre, and leaves to French and English manufacturers the power to determine *at what prices they will consent to take them.*

In all this you may see proof that "we are really greater than we ever were before." If growing dependence on the will of foreign traders can be taken as evidence of growing greatness,

then are you wholly in the right. If growing independence is to be taken as such evidence, then are the Germans in the right, and the policy they pursue is precisely the antipodes of that now advocated by the literary and political representatives of Massachusetts.

Yours, truly,

HENRY C. CAREY.

HON. HENRY WILSON.

PHILADELPHIA, April, 1867.

LETTER TENTH.

DEAR SIR:—

Even before the war a great change had already commenced in regard to the sources from which the northern supplies of cereals were to come, Tennessee and North Carolina furnishing large supplies of wheat greatly superior in quality to that grown on northern lands, and commanding higher prices in all our markets. From further south, and almost to the Gulf, we now learn from an important public document before referred to, that—

"Wherever the United States cavalry camped in Louisiana, during the war, wheat, rye, oats, and barley sprouted from the seed scattered where they fed their horses, and, when undisturbed, headed finely and ripened well—*the extraordinary size and weight of the wheat and barley heads showing that the soil was peculiarly adapted to their growth.* A gentleman, residing in the swamps of Assumption, assures me," says its author, "*that he has raised wheat and rye for twenty-two years, and that he has never had a failure; both grains frequently made forty bushels to the acre.* I have cited these instances to show that wheat has been raised, time and again, under all sorts of circumstances, and on every kind of soil in Louisiana."

In other cases as many as 60 bushels to the acre have been obtained. It ripens in May, and its market value may be judged from the facts that while—

"The daily quotations show that Southern flour, raised in Missouri, Tennessee, and Virginia, brings from three to five dollars more per barrel than the best New York Genesee flour; that of Louisiana and Texas is far superior to the former even, owing to the superior dryness, and the fact that it contains more gluten, and does not ferment so easily. Southern flour makes better dough and maccaroni than Northern or Western flour; it is better adapted for transportation over the sea, and keeps better in the tropics. It is therefore the flour that is sought after for Brazil, Central America, Mexico, and the West India markets, which are at our doors. A barrel of strictly Southern flour will make twenty pounds more bread than Illinois flour, because, being so much dryer, it takes up more water in making up. In addition to this vast superiority of our grain, we have other advantages over the Western States in grain growing. Our climate advances the crop so rapidly that we can cut out our wheat six weeks before a scythe is put into the fields of Illinois; and being so near the Gulf, we avoid the delays in shipping and the long transportation, the

cost of which consumes nearly one-half of the product of the West. These advantages, the superior quality of the flour, the earlier harvest, and the cheap and easy shipment, enable us absolutely to forestall the West in the foreign demand, which is now about 40,000,000 of bushels annually, and is rapidly increasing, and also in the Atlantic seaboard trade. Massachusetts, it is calculated, raises not more than one months' supply of flour for her vast population. New York not six month's supply for her population, and the other Atlantic States in like proportion. This vast deficit is now supplied by the Western States, and the trade has enriched the West, and has built railroads in every direction to carry towards the East the gold-producing grain. We can, if we choose, have a monopoly of this immense trade, and the time may not be far distant when, in the dispensation of Providence, the West, *which contributed so largely to the uprooting of our servile system and the destruction of our property, will find that she has forced us into a rivalry against which she cannot compete, and that she will have to draw not only her supplies of cotton, sugar, and rice, but even her breadstuffs from the South.*"

Is it, however, for breadstuffs alone that the North is likely, with our present exhaustive cultivation, to be compelled to look to the South? It is not; the sweet potatoe, which can be grown on "every acre in Louisiana," and of which the yield, even at present, "averages 200 bushels to the acre," having, during the war, been fully tested in feeding hogs, and having, quantity and quality of the pork considered, been found, *pound for pound,* fully equal to Indian corn, of which the average yield of the States north and west of the Ohio is less than a third as much. With careful cultivation it has been known to yield more than 600 bushels, or six times as much as can, with equal care and close to Eastern markets, be obtained of the great staple of the North, thereby enabling those who are in the future to cultivate those rich Southern lands wholly to supersede the Northwest in the work of supplying animal as well as vegetable food to the people of the tropics and of Europe.

Sixty acres to the hand, it is said, may be cultivated in grain. Combining with this the raising of cotton the effect of diversification of agricultural pursuits is thus exhibited:—

"With one-fifth of our former labor, it is, therefore, clearly practicable to put every inch of cleared land under cultivation. Thus, under the present system of labor, a cotton or sugar plantation of 600 acres would require 100 hands to cultivate it exclusively in either cane or cotton, for two years' experience has taught us that five acres to the hand is all that can be successfully accomplished in these crops, while twelve or fifteen active hands will suffice to cultivate and take off fifty acres of cotton and 450 of wheat, rye, or barley, by the aid of the well-tried, improved implements in every-day use at the North and West, and at much less expense for teams than would be required if cotton alone were planted."

Turning now to fruits, we find the State under consideration, which is, however, to a great extent the type of the whole of those bordering on the Gulf, to be capable of yielding "in unusual proportion nearly all those of the other States," and very many of the tropical ones.

"Oranges, superior to those of the West Indies, are grown in all the lower portion of the State, and are rarely hurt by the frost. The trees attain, in some places, a great size. I measured one at Lake Charles, in Calcasieu, eleven years old, which was over thirty feet in height, and, at a foot above the ground, was three feet five and a half inches in circumference, and which, I learned, had produced near 2,500 oranges the past season, one of which weighed eighteen ounces. Bananas have been largely cultivated during the last ten years, and now adorn every dwelling. Citrons, mespilas, lemons, jujubes, pomegranates, guavas, and even pine apples, are cultivated in all Lower Louisiana, while the fig, the pear, the apple, the peach, the plum, the apricot, the nectarine, the quince, the cherry, the almond, and every variety of grape and currant, grow in every part of the State. Dewberries, blackberries, mulberries, gooseberries, huckle or whortleberries, strawberries, and raspberries, are found as wild and indigenous fruits. The peaches, pears, and figs of Louisiana are peculiarly sweet and luscious. Fruit-raising is one of the most remunerative employments."

Hops may be seen "growing thriftily and bearing abundantly." The State is "prolific in native dye-plants." In its forests abound "nearly every variety of tree known in the United States." For cattle raising it is perhaps the finest country of the world. Turn, therefore, in which direction we may, we find that nature has provided for that diversification of demand for human service for which we look in vain amid the fields of northern States. Seeking for it in these latter, we find ourselves compelled to look below the surface, and there alone; yet there it is that Massachusetts, anxious to protect her pin and pipe makers, insists that it shall not be sought.

The war has already made great changes, yet are they, as it would seem, but preliminary to greater in the future, as you will see by the paragraphs that follow:—

"Vast numbers of freedmen could be hired for one or two months at a time, for liberal day wages. This system is in conformity with their ideas and notions of work; they reluctantly contract for a year. Rye, barley and buckwheat have been tried in Louisiana. Barley and buckwheat are both natives of a southern climate, and flourish remarkably well here. *In Texas, during the past year, the papers state that eighty-five bushels of barley were made to the acre in Central Texas.* Sixty bushels could easily be made here, and as it is superior to the northern barley for brewing, the fourteen breweries of New Orleans would alone consume vast quantities of it. *Barley, as compared with corn, is a better food for stock, particularly work stock,* as it is muscle producing and does not heat the system like the oil or fat producing property of corn, *and while it produces three times as much to the acre, of grain, the stock consumes all of the straw.* A hand can cultivate much more ground in barley than corn, and it needs no working after planting. Grain growing would not only be profitable to the planter, but it would build up New Orleans, and make her the greatest city on the continent. What New Orleans lacks is a summer trade; her business has been heretofore compressed into six or eight months. After the cotton and sugar crops had been received and disposed of, the merchants and tradesmen had nothing to do. Most of them went North with their families, leaving New Orleans a prey to epidemics, when a small portion of the very money which they had earned in New Orleans, and were spending so lavishly abroad, would have perfected sanitary measures, which would have protected her from the epidemics. During this season

of inactivity nearly all branches of business are suspended; the merchant must, however, pay house rent, insurance, clerk's hire and other incidental expenses; must lose interest on his investments, and have his goods and wares damaged by rust, dust, moth and mould. If the cultivation of grain were begun and encouraged around New Orleans, grain would pour in during the month of May, and the summer months, and would fill up this fatal hiatus in our trade.

"The merchant would be compelled to reside here in summer as well as winter, and he would be forced on his own account to lend his time and money towards building up the city and improving its health.

"Every branch of business would be kept up then throughout the whole year, and *our own steamships would supply the countries south of us with provisions, and we should not, as now, be compelled to import coffee by way of Cincinnati.* Northern and European emigrants, knowing that our grain growing was more profitable than at the North, and that *they could grow grain without working during the summer months in that sun they have been wrongfully taught to dread, would flock to our lands; and of course, where provisions and all other necessaries of life would be cheap, manufactures would necessarily spring up, to work up the raw materials so abundant here.* I have thus lengthily urged the cultivation of the cereals, because I find so little is known among the most intelligent, as to the capabilities of our State in this respect, and because, too, I think that therein lies the true secret of recuperation and permanent prosperity for our people. It is a business which all classes of agriculturists may profitably engage in, from the poor farmer of the pine hills to the rich planter of the coast. It is a business in which every landholder, lessee, laborer, mechanic, manufacturer, tradesman, merchant, ship-owner, and, indeed, every citizen, is deeply interested, as it is a question of large profits and cheap bread, and the State of Louisiana and the United States have a deep concern in it, as large owners of land in the State. I have placed grain first in the list of productions, for looking to the future, *I am sure that grain will become our leading staple, and that New Orleans is destined to become the leading grain market of the world.*"

Such being the Southern anticipations, the question now arises, are they likely to be realized? That you may yourself answer this question, I ask you now to look again at the West and Northwest and see—

First, that as a consequence of that Massachusetts policy which, in behalf of her little makers of pins, penknives, and pipes, requires that raw materials of every kind—coal, lead, and iron not excepted—shall be low in price, the West has thus far been wholly deprived of power to bring the miner and the manufacturer to the side of the farmer, and thus to relieve its producers from the burthensome and destructive tax of transportation.*

Second, that, as a necessary consequence of this, the powers of the soil have gradually diminished and are diminishing, with constantly increasing necessity for scattering over more widely extended surfaces, with steadily augmenting tax for commissions and for freights, and constantly increasing exposure to loss resulting from excess or deficiency of moisture, from excessive heat or cold.

* At the moment at which I write I find notice of sales of corn in Iowa at 8 cents per bushel, yet does the State abound in ores whose development would make demand for all the food that could be raised.

Nearly twenty years have now elapsed since the then head of the Patent Office, an eminent agriculturist, estimated our "annual waste" of the mineral constituents of corn, under the "cheap raw material" system, at the equivalent of 1,500,000,000 bushels of corn, and told the nation that if such "earth butchery" were continued, the hour would soon arrive when "the last throb of the nation would have ceased, and when America, Greece, and Rome would stand together among the ruins of the past." From that hour to the present, with but slight exception, we have moved in the same false direction, the result now exhibiting itself in the fact that the great West, the "granary of the world," has so little food to spare that the whole amount of our export is less than is now required for payment of *one-half* of the interest upon debts contracted in Europe for cloth and iron that should have been made at home. This present season has been a fine one for the farmer, and for months past have we been assured that it would in a great degree compensate for the short harvests of the past two years; but the actual result now presents itself in the following passage from the *Tribune* of the day on which I write:—

"Advices from the West in regard to wheat are unsatisfactory. An extra yield has ceased to be talked about, and the fact is apparent that it threshes out poorly in comparison with the estimates before harvest. Measurement shows 12 and 14 bushels where 25 per acre were expected, and the increased breadth sown will scarcely make up for the deficit in yield. So far as wheat is concerned, cheap bread cannot be realized from the crop of 1867, nor are the prospects better for corn at the present moment. Already Western experts are buying old corn on speculation, paying $1 25 per bushel, against 83 cents in September, 1866. This state of things is in marked contrast with the general expectations forty days since, and will modify many business calculations then made. Instead of an abundant harvest of wheat and corn to make cheap bread, and consequently cheaper labor, high prices appear inevitable, with all the attendant disasters. Instead of a crop which would tax the rolling stock of railroads to their utmost, and enable them to clear their books of floating debt, managers are brought face to face with the fact that there is not an average crop, and that its transportation will yield little profit. To traders this changed appearance of the crop is of vital importance. Instead of a full crop to be used in the payment of old debts and in exchange for new commodities, producers from this year's labor promise to be left where old debts must be neglected, and new purchases made sparingly."

Need we desire better evidence than is here furnished that the raising of raw produce for the supply of distant markets is the proper work of the barbarian and the slave, and of those alone? I think not. Twenty years of the Massachusetts system—that one which claims for its own people all the protection they need, while denying it to the people of the Centre, the West, and the South—that one which refuses to "stimulate domestic competition" for the *purchase* of raw products, or the *sale* of finished ones—have sufficed for so reducing the power of the whole body of loyal States to maintain commerce with the outer world that *their whole exports, gold and bonds excepted, scarcely more than suffice for meeting the*

demands of Europe for interest and freights—leaving but little for payment even of the travelling expenses of our people, now amounting to scarcely less than $100,000,000 per annum.

The remedy for all this has been provided by nature, which has underlaid the soil with coal and ores, but Massachusetts wars upon the miner and thus compels the farmer still further to exhaust the soil by sending wool and corn in their rudest forms to distant markets, there to be exchanged for other wool and corn in the forms of cloth and iron.

At the South nature has provided for removal of all existing difficulties, having placed the farmer in such position that not only is he nearer to the great markets for his products in their original forms, but that he may convert his wheat and his sweet potatoes into cotton, into pork, oranges, or any other of the numerous fruits above referred to, for all of which he finds an outlet in the various markets of the world. Seeing these things, and seeing further, that its whole upland country presents one of the most magnificent climates of the world, can it be doubted that the day is at hand *when emigration to the South and Southwest must take the place now occupied by emigration to the West, and when power is to pass from the poor soils of the Northeast to those richer ones which now offer themselves in such vast abundance in the Centre, the South, and the Southwest?* As I think, it cannot. In my belief the time is fast approaching when northern intelligence will be everywhere found engaged in teaching southern men how they may be best enabled to square their long-running account with the men of Massachusetts; and when almost every town and village of the South will be found offering protection to the makers of pins and pipes, nails and bars, tubs and buckets, shoes and cloths, in the manner here described as having but now occurred in Maine :—

"The town of St. Albans, Somerset County, Me., recently voted to exempt from taxation, for the space of ten years, any sum not less than ten thousand dollars that might be invested in any permanent manufacturing business."

That such is now the tendency of the Southern mind is clearly obvious. Look where we may throughout the South and Southwest, we meet with evidence of the facts that their people have profited of the experience of the past few years, and that they now see the necessity for making themselves independent of the North. The Report now before me everywhere urges the development of the vast mineral resources of the country—the establishment of furnaces and forges—the erection of cotton-mills—and closes with a proposal for the establishment of a Bureau specially charged with carrying these ideas into full effect, and authorized to offer premiums to those who may engage therein. Such is now the feeling of every Southern State, and such will certainly be its course of action.

The day for all this is at hand. Is Massachusetts preparing for

it? Is she making home so attractive as to lessen emigration? Is she not, on the contrary, under the "cheap raw material" system, now expelling more rapidly than ever before her native population, replacing it with one greatly inferior drawn from distant lands, and thus lowering the standard of all? Of this there can be no doubt whatsoever.

How may this be prevented in the future? How may she be enabled to maintain her position, prospering in common with the South, the West, and the Centre? To enable us to obtain the answer to this question let us now for a moment study the widely different policies of France and England.

The one has been engaged in *protecting* herself, never having warred upon the rival industries of other countries. To that end she has always sought, as she is now seeking, to place herself in the lead of the world as regards artistic development, and this is now as much exhibited in her iron works as it so long has been in the factories of Lyons and St. Etienne. Selling much skill, and but little raw material, she cares little how much this latter costs, and can, therefore, afford to permit the rest of the world to pursue the course of action that leads to freedom.

The other, on the contrary, has been steadily engaged, not only in preventing elsewhere the growth of diversification in the modes of employment, but in destroying it wherever it previously had existed. To that end she has been competing with the lowest priced labor of the world. Selling mere brute force, and much raw material, she cares greatly about the cost of this latter; and, in the effort to cheapen it, she has become the promoter of slavery, whether black, white, or brown, in every region of the world. Her words, like those of Massachusetts, are words of freedom, but her policy, again like that of Massachusetts, is that which tends to put the whip in the hands of the slave-driver, whether in the bank or on the farm, in the factory or on the plantation, be the color of the slave what it may.

The one becomes from day to day more independent of the tariff regulations of the world. The other becomes from hour to hour more dependent, and hence it is that she now seeks so anxiously to make amends for her discreditable conduct during the recent war. Hence, too, it is that she now pays so liberally all the men amongst ourselves, home grown and foreign, who employ themselves in teaching our people the *advantage* to be derived from tearing out and exporting the soil, and carrying it thousands of miles over lands so filled with coal and iron ore that the match thereto can be found in no other country of the world.

Of these two policies, the one tending towards elevation of the laborer, the other toward his depression—the one toward national independence, the other toward national dependence — which is it that has thus far been followed by Massachusetts? Is it not the "cheap raw material" one—that one which tends towards subjugation of the laborer and perpetuation of the national depend-

ence? That it is so cannot be questioned, nor can it be doubted that it is in this direction we must look if we desire to find the cause of the change now occurring in reference to the character of her population. Let that change go on as it now is going, and the day will not be distant when she will find that her day of power is over, and that she must be content to take her place among the great trading communities of the past. Holland was once all powerful, but the hour is now at hand when she will take her proper place as merely one of the provinces of the great Germanic Empire.

Desiring to retain her place in the Union, Massachusetts should at once awake to the fact that her policy has been selfish and illiberal, and that it can end nowhere but in ruin. Let her then promptly recognize the existence of a harmony of interests among all the portions of the Union, and let her see that the more the southern people can be led to convert their cotton into yarns and cloth the greater must be the demand upon her for those finer goods she may so soon be prepared to furnish. Let her follow in the train of France, making demand for taste and brains instead of muscle, and she will then retain her native population. By that course, *and that alone*, will she be enabled to retain her influence, and to regain, in the commerce of the world, that position which, under the "cheap raw material" system, she has to so great an extent already lost.

She has been long engaged in making bitter enemies, and they abound in nearly every quarter of the Union. Let her now, by manifesting a *real* love for freedom, a *real* love for the Union, a *really* national spirit, seek to convert those enemies into friends. Fully believing that if she fail so to do she will herself be the greatest sufferer, I remain

Yours faithfully,

HENRY C. CAREY.

Hon. HENRY WILSON.

PHILADELPHIA, Sept., 1867.

LETTER ELEVENTH.

DEAR SIR:—

Seeking to obtain financial reconstruction we must begin by an industrial one, it being wholly impossible that we should ever again avail ourselves of the services of the precious metals so long as our commercial policy shall continue to impose upon us a necessity for not only exporting the whole produce of California, but of sending with it gold-bearing bonds to the annual extent of almost hundreds of millions of dollars. In like manner must both industrial and financial reconstruction precede the political

one that is to have any, even the slightest, chance of permanence. The former are the bases on which the latter must rest, and therefore is it that I so much regret your having in your Address so wholly excluded both from notice.

The industrial question having been now to some extent examined, although not by any means exhausted, I propose next to ask your attention to the financial one, as follows:—

In speaking of the currency it is usual to refer to that portion of it only which takes the form of circulating notes, leaving wholly out of view that which exists in the shape of credits to individuals on the books of banks, and which have been, and always must be, the real causes of financial crises. By a recent report now before me of the condition of the national banks, the amount of those credits was about $500,000,000, the whole of which large sum, with the exception of about $100,000,000 remaining in bank vaults in the form of specie or legal tender notes, had been lent out and was then bearing interest. The difference, $400,000,000, constituted the currency created by banks, and liable at any moment to contraction, at the will of bank directors.

Again, the daily creation of currency in those forms in which it comes before the clearing houses, amounts, in this city and New York alone, to more than $30,000,000.

The persons chiefly contributing to the creation of this latter form of currency number by hundreds, and with many of them the daily amount counts by hundreds of thousands. In like manner some few hundreds of persons control institutions to which the country stands indebted for the former, and thus it is that we obtain what may properly be characterized as the *aristocratic* form of currency creation; that form which seems most to please our legislators and our finance ministers, as, not only do they wholly fail to inquire into the expediency of leaving so much power in the hands of private individuals, but *to them*, precisely, is it that they always look for advice as to the further measures needed to be pursued. The shepherd thus asks of the wolf how he may best provide for the safety of his sheep, the wolf giving for answer precisely such advice as promises most to enable him to gobble up the flock with comfort to himself.

For the poor sheep there is provided a currency which takes the tangible form of circulating notes; that one by means of which the shop-keeper is enabled promptly to pay the farmer, the workman to pay the shop-keeper, the employer at once to pay his workmen, and the merchant to pay on the instant the manufacturer. This is the *democratic* form of currency, and therefore is it that it has been always so much vituperated by that sham-democracy which has clamored so loudly in behalf of hard money and British free-trade. It is, too, that form in which it is being now maligned by that portion of the republican party which so much believes in maintaining protection at that point precisely which seems best to suit the purposes of Massachusetts, as nowhere "stimulating domestic competition" for the purchase of those raw products she

needs to buy, or for the sale of those finished ones she needs to sell. In this she is doing little more than imitating the action of that democracy of the past which has so frequently sought the prohibition of notes below ten or twenty dollars, and has so uniformly ended by bringing about impoverishment of the people, the ruin of merchants, the stoppage of banks, the repudiation of State debts, the creation of *shin-plasters*, and the almost utter bankruptcy of the national treasury itself.

The years previous to the war were, throughout the West and South, marked by an exaggeration of the almost ruinous state of things by which the crisis of '57 had been attended. The farmer, desiring to sell his potatoes, his fruits, his corn, was required to accept "store pay," or retain his produce on his hands unsold. The miner, in like manner, was required to accept "orders" on store-keepers who fixed prices to suit themselves. The little Western farmer, desiring to mortgage his farm to obtain the means with which to improve it, was required to pay two or three per cent. per month, or even more. Everybody was in debt, not from want of property, but because of the absence of any medium of circulation by aid of which the coal operator and the farmer could be enabled to pay the store-keeper, and the latter to buy for cash in the cities with which he dealt.

The war gave us in the "green-back" the machinery by means of which labor could promptly be exchanged for food and fuel, cloth and iron, and at once all was changed. Forthwith the societary circulation became rapid, and with every step of progress in that direction the nation acquired strength. To the tariff of '61, to the "greenback," and to the State in which I write, have we been indebted for power to make the war, and therefore, perhaps, it is, that the whole period of peace has been characterized by an incessant war upon them, each and all.

Next in order came the establishment of a national banking system, in itself a good measure, but so very bad in its details that, if they be not corrected, it must inevitably bring about a separation of the trading States of the North and East from the producing States of the Centre, West, and South.

Requiring a deposit of the whole capital as security for redemption of the circulation, it throws the banks on circulation and deposits for power to perform the services for which they were intended. Taxing them heavily it thus produces a necessity for over-trading, and for thus causing that inflation of which our eastern friends so much complain, but which they will be the last to remedy, for the reason that they themselves so largely profit by it. By a recent statement now before me, the joint capital of the national banks is shown to be . . . $418,000,000
while the amount of their interest-bearing investments is 1,122,000,000
thus closely approaching three to one.

Turn back now, I pray you, twenty years, and study the operations of the banks in your own vicinity, those which have most

freely furnished circulation, and have most uniformly met their obligations. Doing this, you will find that while the loans of Rhode Island institutions rarely exceeded their capitals to the extent of *a third*, those of your own State rarely went beyond *a half*, or fifty per cent. In both, the banking system presented true pyramids, with elevation that was slight in proportion to their bases; whereas, the national one gives us an inverted pyramid the greatest breadth of which is found in the air, and which may, therefore, be readily toppled over.

Why is this so? Because this latter is *a great money monopoly*, for the especial benefit of the Trading States. Limiting the amount of circulation to $300,000,000, it by that means limits the capital to be applied to the great money trade—*the most important of all trades;* and does so for the reason that outside of the cities the deposits are so very trifling in amount.

A monopoly having been thus created, we may now inquire who they are that profit by it. Doing this, we find that the New England States, with a twelfth of the population, have had granted to them above a third of this monopoly power; that New York, with an eighth of the population, has almost a fourth; that this State, with a population nearly as large as that of New England, has been limited to little more than an eighth; that to Ohio, Indiana, and Illinois, with a population far more than twice as great as that of New England, there has been allowed little more than a third as much; and, that for the vast region beyond the Mississippi and south of the Delaware and the Ohio—containing more than two-fifths of our population—there has been allowed *just one-ninth;* or less than is *daily manufactured* in New York and Philadelphia.

Do the people of New England, my dear sir, find that they have too much of the machinery of circulation? Do those of New York? Do they not, on the contrary, frequently complain that the notes cannot be found that are needed for the work to be performed? How then must it be with this State whose needs have been supplied to but little more than a third of those of the New England States? How must it be with Ohio and her immediate neighbors? How, above all, must it be with the almost thirty States and territories that with a present population *four times as great* as that of New England, are allowed banking powers and privileges *less than a third* as great.

The money shop is denied them. The power to create local circulation of any kind is denied them. Pressed thus to the wall, one southern city made an effort to provide for enabling its own people to make exchanges with each other, but then down came Congress with a tax of, I think, ten per cent. upon such local circulation. In this manner it is, my dear sir, that our northern and eastern friends, luxuriating in their full supply of banks and circulating notes, are furnishing the "warm and generous greeting" of which you so recently have spoken.

As a consequence of this it is, that New York and New England are now enabled to lend circulating notes on the best

security, at the south, at two per cent. per month; and that southern people now pay, regularly, three, four, five, and even, as it has been stated, ten per cent. per month, for the use of little pieces of paper issued by northern and eastern banks for the private profit of their stockholders. Such *may* be the road to permanent reconstruction, but if it is, I, for one, must say, that it does not so to my mind present itself. Bad as is all this, we are promised that it shall, for the unfortunate people outside of the Trading States, yet be worse. Up to this time they have had the advantage of some portion of the "green-back" circulation, but of that they are, as our Finance Minister insists, to be gradually, but certainly deprived. The circulation, as he gravely assures us, is quite too large, and contraction is to be, as he so long has desired that we should understand it must be, the order of the day. This the West resists, and moves the House that further strengthening of the money monopoly of the trading States, New York and New England, be dispensed with. The vote being taken, but sixty-five votes are found adverse to the motion, and of these there are from

New England and New York	38
All other States	27
Total	65

The majority, favorable to the doctrine of equal rights among the States, numbers 95

Of these there are from

New England and New York	13
All others	82

The vote for the resolution outside of the Trading States is therefore more than three to one. Were the question now to be taken, it is doubtful if even a single adverse vote could be found south or west of those States. Outside of them the treasury system has scarcely a friend. Why should it have? In no country of the world is the supply of currency so small when compared with the commerce for whose service it is needed.

Of the "green-backs" the amount at present existing is but	$370,000,000
Of national bank-notes there are less than . .	300,000,000
	$670,000,000
Of these the quantity always in bank, or in the treasury, and thus out of circulation, is never less than	170,000,000
Leaving but . . .	$500,000,000

for the service of nearly 40,000,000, scattered over a whole continent. Of this the little New England has, legal tenders included, more than a fourth, leaving the balance for the service of the less

fortunate portion of our population. One of two things is certain: either New England has thrice too much, or the rest of the country much too little. The former does not think she has more than she needs, and will relinquish none. Neither will she agree to any increase elsewhere. On the contrary her people, in and out of Congress, lecture the unfortunates who have not the happiness of residing east of the Hudson, after the following fashion :—

"If the people of this country could be made to see that the present expanded currency is not a blessing but a curse ; that it is one of the most unequal and burdensome of taxes ; that it gives undue value to capital as compared with labor, thus pressing most heavily on the working classes, tending to make the rich richer and the poor poorer; that it stimulates speculation (which is gambling under a less offensive name) by turning the most active and ambitious men from the occupations of production to those of exchange, from mechanics and farmers into brokers and middlemen ; that it drives men from the country into the cities, in the hope of sudden wealth, and because it is thought more respectable to buy and to sell than to labor with the hands ; that it subverts all true notions of value and produces such constant fluctuations as to make honest industry insecure of its rewards ; if the people can be made to see all these evils, and will open their eyes to the enervating, demoralizing consequences, they will patiently and cheerfully submit to the temporary hardships which are involved in reducing this redundant currency to its normal proportions ; they will by all their influence strengthen the hands of Congress and of the Secretary of the Treasury, that the day may be hastened when this country shall again conduct its domestic and foreign dealings on the basis of the only currency which can render trade secure—that of the precious metals."

The author of this, my dear sir, is one of your own constituents—one of those who, in common with the rest of the New England people, have secured for themselves a fixed and certain allowance of currency more than three times greater than is, by law, now allowed to nearly thirty States and Territories, with a population five times greater, and standing greatly more in need of tangible machinery of circulation. Do you, however, find in it any suggestion that the monopoly now existing shall be in any manner modified; that the power already obtained over the currency shall in any way be lessened? Not in the least. It says to the Centre, the South, and the West, surrender a part of the little we have left you, and let our monopoly be rendered more complete, and more than this it does not say.

The day, however, for all this is past. Massachusetts must determine voluntarily to abandon the idea of manufacturing, money, and trading monopolies, or she will raise such a storm in the Centre, the West, and the South, as will compel her so to do. Fully believing this, and as much believing it to be the duty of Pennsylvania, as Keystone and Guardian of the Union to take the lead in a movement to that end, I remain,

Yours very truly,

HENRY C. CAREY.

Hon. H. Wilson.

Philadelphia, September, 1867.

LETTER TWELFTH.

DEAR SIR :—

The Fort Wayne decree of Secretary McCulloch, likely to prove of far more enduring importance than the Berlin and Milan decrees of the Emperor Napoleon, is now nearly two years old. As it stands it constitutes the great financial blunder of the age, having already, by the paralysis of which it has been the cause, cost the country more than the whole amount of the national debt. Let its policy be persevered in and it will constitute the greatest in history, for *it will have cost the Union its existence.*

Gladly hailed by the capitalists and bankers of your State, and by the gentlemen who represent them in Congress, *contraction* has, from that day to the present, been the burden of their song. What, however, was it that they desired to see contracted? Any portion of the $100,000,000 of circulation that they had so promptly appropriated to their own especial use? Any part of the $170,000,000 appropriated by the combined Trading States, New York and New England? Certainly not. That for whose *contraction* they have since so loudly clamored constituted nearly the whole machinery of exchange throughout the Producing States with their present population of 30,000,000, likely very soon to be 50,000,000. For these, their unfortunate *subjects*, there was to be allowed in all the future the fixed amount of $130,000,000, or, even now, but *four dollars* per head; the compact New England, whose need, per head, for some tangible medium of circulation, was not one-half as great, meanwhile luxuriating in a circulation of *thirty* dollars per head, and finding even that not to be at all in excess of its actual wants.

On a former occasion, as you may recollect, it was shown that your State, in its anxiety for commercial reform, had magnanimously and liberally offered to the West, in exchange for what it claimed to need, a surrender of the rights of its late allies of the Mining Centre. What then was done has now been repeated here, her anxiety for financial reform having led her to insist upon a total surrender of the rights of the Producing States, and the member for Lynn having uniformly taken the lead in insisting that such surrender should be made. A monopoly of the money power had been obtained, and it was to be maintained even at the cost of reducing the whole people of the Producing States, loyal or disloyal, to the condition here described as now existing in the Mormon State :—

"Wheat is the usual legal tender of the country. Horses, harness, vehicles, cattle, and hay are cash; eggs, butter, pistols, knives, stockings, and whiskey are change; pumpkins, potatoes, sorghum molasses, and calves are 'shinplasters,' which are taken at a discount, and with which the Saints delight to pay their debts (if it is ever a delight to pay debts). Business in this community, with this currency, is a very curious and amusing pastime. A peddler, for instance, could take out his goods in a carpet-bag, but would need a 'bull' train to freight back his money. I knew a man who refused an offer to work in the country at fifty dollars a month because he would need a forty-hundred wagon and four yoke of oxen to haul his week's wages to the whiskey-shop, theatre, &c., on Saturday evening. * * * When a man once lays out his money in any kind of property, it is next to impossible to reconvert it into money. There is many a man here who, when he first came into the valley, had no intention of remaining but a short time, but soon got so involved that he could never get away without making heavy pecuniary sacrifices. Property is a Proteus, which you must continue to grip firmly, notwithstanding his slippery changes, until you have him in his true shape. Now you have him as a fine horse and sadddle; presto, he is only sixty gallons of sorghum molasses; now he changes into two cows and a calf, and before you have time to think he is transformed into fifteen cords of wood up in the mountain canon; next he becomes a yoke of oxen; then a 'shutler' wagon; ha! is he about to slip from you at last in the form of bad debts?"

Place, I pray you, the people of Massachusetts in this position, and determine for yourself how they would think and *act*. Study the picture, for it is a tolerably accurate one of that which now prevails throughout a large portion of the Centre, South, and West.

To the hour at which was issued that most unfortunate and ill-advised decree there had still remained in existence most of that *faith in the future* by means of which we had been carried safely through the war. From that hour it began to pass away, and with each successive day there has been seen an increased desire to *centralize* in the trading cities the disposable capital of the country—hoarding with banks and bankers, trust and deposit companies, at small interest, the means that otherwise would have been employed in opening mines, building furnaces, mills, or ships, mining coal, or making cloth. From that unfortunate hour works of national importance were abandoned, mills and factories commenced to contract their operations, coal tended more and more to become a drug in the market, and the demand for labor to decline. From that hour money tended to accumulate in all those cities, and to become more and more inaccessible to men by which it could be made to create demand for human service. From that hour the poor tended to become poorer and the rich to become richer, till, as now, the Boston capitalist obtains twice the war rate of interest, the little Western farmer, as is shown by the following passage from a money article of the day on which I write, meanwhile gradually returning to the enormous rates of the period before the war:—

"At the West rates of interest are, as usual, far in advance of our home figures. *An agency has been established in Boston, within a very short time, for negotiating first-class Western mortgages at ten per centum.* In Cincinnati

the bank depositors have to pay from eight to nine per centum, and the lowest street rate is ten per cent. Two per cent. a month is not a very uncommon figure out West. In the southwest the rates of interest would appear enormous to even the eyes of the sharpest Eastern note-shaver. *In Memphis three to five per centum a month are common figures.*"—*Press.*

Such being the state of things in the green wood, what will it be in the dry? When the Secretary made his speech denunciatory of the best currency the people had ever had, the legal-tenders stood at $400,000,000
On the first of last month we had . . . 369,164,344

Reduction in 22 months $30,835,156

There are yet, therefore, to be withdrawn nearly $370,000,000. When that shall have been done may we not hope to hear of agencies in the Eastern States for negotiating first-class Western mortgages at more than double the rate above described? That we shall do so, I feel quite assured.

The money monopoly already here established is, I am well satisfied, the worst at present in existence in any country claiming to rank as civilized; yet is it now seriously proposed to make it from day to day more complete, and thus to establish a subjection to the money power of our whole people, black and white, without a parallel in financial history.

We are, however, gravely told that it is in this manner alone that we are to be enabled to return to the use of the precious metals. What has been our progress in that direction, in two years of paralysis throughout which the Secretary has been unremitting in his efforts at contraction, will be seen on an examination of the following figures, representing millions of dollars:—

	Oct. 1865.	Oct. 1866.	July, 1867.
Banking capital . . .	393	403	418
Interest-bearing investments .	1,020	1,060	1,122

Twenty-five millions have thus been added to the base, a hundred meanwhile to the superstructure, and the edifice having more and more assumed the form of an inverted pyramid that may at any moment be toppled over. So must it continue to do for every hour of the future in which the McCulloch-Massachusetts system shall continue to be maintained, the direct effect of paralysis being that of giving increased power to banks and bankers, and all others of the class which controls and regulates that portion of the currency which has been designated as *aristocratic*, and from which our crises always have come and must always come.

To the $100,000,000 of the incorporated banks may now, as I doubt not, be added half as much, additional to the quantity that had been usually controlled by individuals, and by institutions other than banks, in those war days when the public policy tended to favor those who had money to borrow and labor to sell, instead

of, as now, favoring those who have money to sell and labor to buy. *That* $150,000,000, *centralized in the few trading cities, does more to produce that which it is the fashion of the day to call inflation than would be done by five times the amount of greenbacks scattered among the* 30,000,000 *of people inhabiting the Producing States.*

By its help it is that money is made cheap to the British iron-master who places his products in the public stores, while made so dear to the coal-miner that he becomes bankrupt by reason of inability to borrow at two per cent. per month. By its means the country is flooded with foreign iron requiring for its payment $2,000,000 per month of California gold. By its means our people are being from hour to hour more compelled to look to the large cities as the only places at which exchanges can be made, and the more they are so compelled the higher becomes the taxation of the Producing States for maintenance of owners of New York and Boston hotels and houses. The higher that taxation, and the poorer the people of the Producing States, the greater becomes the ability of owners of city property to live abroad, and thus to swell the amount of *travelling bills* that have already reached so high a figure as to require for their payment a sum equal to nearly the whole amount of the exports of the loyal States, leaving little beyond gold and bonds with which to pay for foreign merchandise consumed at home. Study carefully these facts, my dear sir, and you will find little difficulty in understanding how it is that the Massachusetts policy is now compelling us to go abroad to borrow money, on the security of the State, at almost thrice the rate of interest paid by Britain.

According to Montesquieu, "capitals are necessities, but," as he added, "when the head grows too large the body becomes apoplectic and wastes away."—British free-trade, and Massachusetts determination to resist any measure tending to promote "domestic competition," have combined to make of the little territory east of the Hudson a head so large that we are threatened with precisely the state of things above described. The "waste" is now going on, and, unless the system be resisted, must so increase as to produce financial, moral, and political death; that, too, despite all your efforts at political reconstruction.

Prices, however, it is insisted, must be reduced. So were we told two years since by men who did not trouble themselves to study the fact that years were needed for enabling us to restore our stock of hogs and cattle, cows and horses, even to the point at which it had stood before the war. So are we now told by others who do not care to see that constant exhaustion of the soil of the West and Northwest has made our supplies of food more precarious than they had ever been before.* That some prices must

* The average quantity of certain articles that passed the New York canals in the three seasons 1848, 1849, and 1850, closely following the

have been reduced is shown by statements of the *Tribune* in reference to the number of persons now wholly unemployed in New York city. That others have been reduced you may find on visiting our mining region, where men who are not wholly unemployed are compelled to accept half war prices in return for labor, while paying almost war prices for the food consumed by their families and themselves. Petroleum has become so complete a drug that most of the wells have been abandoned, and the men who therein had been used to labor have been dismissed. Cotton, by reason of the closing of our mills, has been piled up in Liverpool until it, too, threatens to become as great a drug as it had been in the good old British free-trade times when British manufacturers could pick and choose at five pence. Contraction is, throughout the Producing States, putting down the price of American labor and its products, while putting up the prices of money, cotton cloth, and various other things that Massachusetts has to sell, yet has the process but begun. It is carrying into full effect the idea that, so far as I am informed, was first broached in the Newport Convention twenty years since, that "domestic competition" must be prevented, whether for purchase of raw materials or sale of finished goods; and with the further addition, that there is not in the future to be allowed, throughout the Producing States, any competition with the trading States for the sale of money. The monopoly of that important trade is now in the hands of these latter; and that it is to be rigorously maintained has been proved by Massachusetts action throughout the last Congress.

The tax on cotton being specific, the lower the price the more burthensome does it become. The McCulloch-Massachusetts policy has largely reduced its price while doubling the rate of interest paid by its producer, yet is the tax collected. Such being one of the "warm and generous greetings" extended to our erring brethren of the South, the question now arises as to how many such will be required for producing resistance in a form that, when it shall come, *as come it must*, will result in perfect achievement of the object.

Taxes are heavy. Collected in the Trading States, they are finally paid in those Producing States to which it is now proposed to allow a circulation of *four dollars* per head, the people of New England meanwhile jealously retaining their *thirty dollars* per

passage of the pro-slavery tariff of 1846, and in the first half of the present and the past seasons, is as follows:—

	Seasons of 1848, '49, '50.	Half seasons, May 1 to July 31, 1865, '66, '67.
Flour, barrels . . .	3,224,000	148,000
Wheat, bushels . . .	3,126,000	1,500,000
Corn, " . . .	3,700,000	4,300,000
Pork, barrels . . .	69,000	5,000
Beef, " . . .	87,000	2,400

In that time the population, chiefly occupied in tearing out and exporting the soil, must have more than quintupled.

head, and lending out the surplus to the Centre, South, and West at prices varying, as we see, between ten and fifty per cent. per annum. Moving in this direction, how long, my dear sir, will it be before we shall attain a perfect reconstruction? Shall we not sooner reach a new rebellion? I think we shall.

Throughout the war we were steadily congratulated on the facts, that the certificates of public debt were nearly all held at home—that the number of small bond-holders was immense—that we had thus an important security for punctual payment of the interest. Since the peace all this, however, has been changed, the great object now sought by the Treasury, and by our Massachusetts friends, to be attained, being low prices for human service and for all the rude products of mining and agricultural labor. The lower those prices the greater becomes the necessity for selling the little fifty dollar bond in which had been invested the savings of a year, and the greater the centralization of certificates of public debt in the hands of Eastern and European capitalists. Going ahead under the McCulloch-Massachusetts system, the time must soon arrive when nine-tenths, or more, of this interest will need to be paid north and east of Pennsylvania, in the Trading States and in Europe; the Producing States meanwhile paying nearly all the public taxes, and thereto adding two, three, if not even five, per cent. per month, for the use of circulating notes so liberally allowed to our New England friends. Should this system be maintained, might it not lead to non-payment of the interest? I think it would.

On occasion of the dedication of the Gettysburg Cemetery, Mr. Lincoln declared that this was "a government of the people, by the people, and for the people;" and in this most of my fellow-citizens of the Centre are in full accord with him. They do *not* believe that it is a government of the Centre, the West, and the South, by the North and East, and for the special benefit of the trading States. Well will it be for the people of these latter if they can at an early date arrive at the conclusion that Mr. Lincoln had been right and that their whole policy, directly opposed thereto as it has been, had been a most unwise one?

Mr. McCulloch's policy has been one great mistake, and it has proved a most costly failure. Seeing, that the law had created a monopoly of the money power; that while it limited the base of the edifice it set no limit to the elevation; that with every hour it was becoming more top-heavy and more in danger of being toppled over; seeing all this, I say, he should have asked of Congress an extension to the people of the Producing States of all those powers which had been so fully granted to the trading ones, and he should have then encouraged the creation of local institutions for the service of the 30,000,000 of people who are now so unjustly, and unconstitutionally, made mere hewers of wood and drawers of water for their brethren of the northeast. So doing, he would have prevented that accumulation of capital in trading centres which has been so freely used for speculation in

commodities of first necessity, to the heavy loss of those by whom they were needed. So doing, he would have been aiding in the construction of mills and furnaces, and in the cheapening of cloth and iron. So doing, he would have made a home market for the hundreds of millions of bonds that have already gone to Europe, each new bank becoming a holder thereof to the whole extent of its circulation. So doing, he would have tied the States together, and would have been bringing about the "more perfect union" that we had all so much desired. Not having so done, he has brought about a state of things so purely sectional that it must, *and should*, provoke resistance.

At this moment circulating notes are very scarce in Eastern cities. Why? Because of the help demanded by their poor clients of the South and West for movement of their very little crops. Why, however, cannot the Producing States help themselves? Why not, like Massachusetts, *make* such notes? Why, bone and sinew of the country, and ultimate payers of nearly all the taxes, as they certainly are, should they be held in such complete dependence? Because they are being made mere puppets whose strings are to be pulled at their master's pleasure! To make the thing complete, it is now required only, that the "greenback" be annihilated, and that all banks south and west of the Hudson be required, as it is meant they shall be, to place in New York City lawful money with which to redeem their notes. Thereafter, the wolves may, at their entire convenience, devour the poor and unfortunate sheep, *as it is proposed they shall do.*

More than any other State is Pennsylvania representative of the 30,000,000 of the Producing States: more than with any other, therefore, is it for her, in the existing state of things, to study her rights and her duties. So doing, she finds that to herself she owes it to insist that her citizens be placed on a precise equality with those of the Eastern States. To the Centre generally, to the South, Southwest, and West, she owes it to *demand* for them now, as in all the past she has done, the enjoyment of all the rights and privileges she claims for her people and herself. To the whole Union she owes it to *demand* the abandonment of that monopoly system which now threatens to defeat all efforts at reconstruction. To the world at large she owes it to interpose in behalf of the impoverished Southern people, and more especially of those colored men who are now threatened with a money tyranny more injurious in its effects than the slavery from which they have but now been rescued.

Such are her duties. That they will be performed I feel well assured. Fully believing that you, were you one of her citizens, would desire that they should be so, I remain

Yours, very truly,

HENRY C. CAREY.

HON. H. WILSON.

PHILADELPHIA, September, 1867.

LETTER THIRTEENTH—AND LAST.

Dear Sir:—

England believes in buying raw materials at low prices and selling finished goods at high ones. It is her *one* Article of Faith; that one her belief in which has brought about a necessity for reconstruction at home and abroad, in England herself and all her dependencies. France, under the imperial regime, has been following in the British footsteps, with daily growing necessity for a reconstruction the day for which cannot be now remote. Both are declining in influence, and thus are furnishing new evidence of the fleeting character of trading power. Our trading States take Britain for their model, and so rapid is their progress in the false direction that, while still dreaming of *reconstruction*, they are already face to face with a *dissolution* which, if allowed to come to pass, will prove a permanent one.

Germany and Russia, producing States, desire that raw materials should be high in price and finished commodities cheap. So do our Centre, South, and West. Natural allies of the two advancing countries of Europe, our fast friends throughout the war, these latter may safely leave the Trading States to their alliance with those declining ones which so gladly gave their countenance to the rebellion, and which now so clearly see that maintenance of their own political power is dependent wholly upon preventing permanent reconstruction here.

The tendencies of the two portions of the Union are thus, as we see, in opposite directions, and most especially must this be so now that the war has on one side *removed* the obstacle that had prevented combined action, while on the other it has *created* trading, manufacturing, and moneyed monopolies of fearful power. Can they in any manner be brought to act together? Will the Trading States cordially ally themselves with the Producing ones for the gradual, but certain, abolition of these monopolies? Will they agree upon a system that shall promote, and not prohibit, "domestic competition"? Upon the answer to be given to these questions now hangs the determination as to whether we are, or are not, to have a permanent political reconstruction embracing the whole of the existing States.

Prior to the Chicago Convention of 1860 it had, as I have already said, been determined by the Trading States that the platform, like that of 1856, should be confined to politics alone, leaving wholly unexpressed the desires of the people in reference to national questions of high importance. It was a British free-trade

plot, well arranged, but the defeat it met was thorough beyond example. From that time to the present the Republican party, in imitation of the old Democratic one, has been playing fast and loose with the question then decided, advocating British free-trade in one State and American free-trade in another; and so, as I just now read, it is proposed that it shall continue to do in all the future. The arrangements for all this are, as I doubt not, very perfect, but *the scheme will fail.* Of that you may rest assured. The next convention, like that of 1860, will find itself compelled either to indorse or repudiate the monopolies of which I have spoken; to be for or against the doctrine of equal rights; to be American or English; to be for or against that industrial independence without which any attempt at financial or political reconstruction is a useless waste of time and words. In 1860, men who had to that time been strenuous advocates of British free-trade and industrial dependence, found themselves compelled to join in the tumultuous demonstrations of joy at the reading of that resolution by which the party placed itself on the side of American independence. So, I feel confident, will it be again. Powerful as are the Trading States, there will, on that occasion, be found not even a single man so poor as to do reverence to the monopolies that the war has given us, or has so much strengthened.

Such is my firm belief, yet it may prove that the Trading States exercise a greater amount of influence than I anticipate, and that the advocates of high freights, dear money, dear cloth, and cheap raw materials, whether "wool or hemp, coal or iron," succeed in obtaining an indorsement of the policy of Massachusetts capitalists. Admitting now, for a moment, that such should be the case, what, in your opinion, would be the course of the people of your State were they to be at once transferred to the hills and valleys of Pennsylvania? Might they not, do you think, be disposed to invite *a Conference of the Producing States?* Might they not, in that invitation, show that the Trading States had had but one end in view, that of compelling the producing ones to make all their exchanges through the ports of New York and Boston, and through the mills of Old and New England? Might they not show that to the trading monopoly which had so long existed there had now been added a monopoly of the money power by means of which its holders had already become enabled to tax, almost at discretion, the people of the Producing States? Might they not show that every effort was now being made so to strengthen that monopoly as to render it tenfold more oppressive than as yet it had become? Might they not show that while the real wealth and strength of the country was to be found in the Producing States, their agents, the merely Trading States, had now become so confident as to have ventured to defy resistance? That done, might they not proceed to say—

That throughout a large portion of the Producing States, but

most especially in the South and Southwest, there existed a wealth of soil, and a mineral wealth, without parallel in the world:

That what was needed for the development of both was population:

That immigration had always grown with great rapidity in periods of protection, while it had always decreased in those of British free-trade:

That to enable the people of Europe readily to reach the rich lands of the Centre, the South, and the West, it was indispensable that their owners should themselves be enabled freely to communicate with the whole outside world through the various ports that fringe the coast from the Delaware to the Rio Grande:

That to enable northern people to pass from the now exhausted lands of the West and Northwest, and thus obtain power to participate with their owners in the development of rich Southern lands, it was indispensable that roads should be made leading North and South, and not, as now, exclusively East and West:

That to the end that such roads might be made, and such ports be used, it was indispensable that measures should be adopted for enabling Southern and Western men to mine their own coal, smelt their own ores, and make their own cloth:

That the one great object always held in view by the Trading States had been that of preventing, throughout the South and West, the application of capital and labor to the work of manufacture, and thus preventing any growth of "domestic competition" for either the purchase of raw materials or the sale of cloth:

That to the trading and manufacturing monopolies which had so long existed there had now been added a money monopoly of fearful power; one whose continued maintenance could have no result other than that of making the people of the Producing States mere hewers of wood and drawers of water for those who had so long been employed in forcing themselves into the position of being their exclusive agents:

That the real power was in their own hands, and that it rested wholly with themselves to determine whether their exchanges should in future be performed in the cities north of the Delaware or south of it:

That the time had arrived for exercise of that power, and that by the adoption of proper measures they could, if they would, compel the transfer to the South and West of a large portion of the machinery now in use in the Trading States:

That to the end of arriving at some clear understanding by means of which the Producing States should be enabled to establish an equality of rights; to secure to themselves free communication with the outer world; to obtain for themselves a proper supply of the machinery of circulation; to be freed from the present ruinous charges for the use of circulating notes; to proceed peacefully and quietly in the development of the vast resources placed by nature within their reach; to obtain that real freedom

of trade which can exist in no country that exports raw produce; to establish that diversity in the demand for human service by means of which, alone, can the freedman be enabled to profit by the act of emancipation; and, finally, to secure that the Union, when reconstructed, shall be permanent; this conference had been invited.

Having read the above, allow me, once again, to ask that you place yourself and your constituents in the position of the people of Pennsylvania, feeling yourselves the proper representatives of great national interests whose development in other countries has brought wealth to the people and power to the State. Study then with them the history of our past legislation, and see how little creditable have been the influences, foreign and domestic, that have prevented such development. Study with them the consequences, and see that our supplies of food become more and more irregular as we become more dependent on other nations for cloth and iron. Study with them our monetary system, and see that nearly all the power that the States at large have lost has now become closely monopolized and mainly held in a few trading States. Study with them the results that even thus far have been realized, and then see with them that the strengthening of that monopoly, now so strongly urged, must result in grinding to powder the whole people of the Centre, the South, and the West. Study all these things, and then, I pray you, answer to yourself the question as to whether you would or would not, under such circumstances, hold that you would be failing in your duty to them, to the nation, and to the cause of civilization, if you did not strongly urge the adoption of the course of action that has above been indicated. That you would I feel well assured.

Will it, you may ask, be adopted? If so, will Pennsylvania find herself among allies or enemies?

To the first I confidently answer in the affirmative. To the second, that, unlike Massachusetts, Pennsylvania has no enemies.

Penn and his successors had a great mission on this Western Continent which, thus far, has been well performed. First to provide by legislative action for emancipation of the colored race, they simultaneously with New York emancipated the weaker sex from the Common Law tyranny in regard to rights to property. First to recognize the perfect equality of the States, large and small, they, in effect, made our present Union. Occupying a frontier State, and the only one liable to invasion, they stood, materially and politically, the bulwark of that Union throughout the late rebellion.—The crowning act yet remains to be performed, in now interposing between the Trading and Producing States for the purpose of bringing about that harmony of action without which the Union neither can, nor *ought to be*, maintained; and for the further purpose of making of the Declaration of Independence something more than the mere form of words that it has thus far been. For such interposition their State stands fully qualified, her record

being as bright and as free from any taint of selfishness as that of any other community whose history has been recorded. She has not now, nor has she ever had, any interest that is not common to twenty other States. Never has SHE abandoned her friends.* Never has she made demand for anything to be enjoyed by herself alone. In regard to the production of iron she stands now as far above all other States as does your State in regard to cottons, yet does she insist on that perfect protection which must aid in development of the wonderful mineral resources of the country from the Lakes to the Gulf, and from the Atlantic to the Pacific. For herself, therefore, she asks nothing. For the Union she asks, and will insist upon, that harmony and peace which must result from proper appreciation of the fact, that while it is quite in the power of the Producing States to change their places of exchange and their agents, it is not in the power of the Trading States to find elsewhere such patient milch-cows as they have thus far proved themselves to be. To make the demand therefor has now become her duty, and so great has become the dissatisfaction—I might use a stronger word—at the extreme selfishness of eastern friends, that were the question of its performance now submitted to a vote, it would command the assent of four out of five of the whole people of the State.

Might not, you may ask, a movement like that I have indicated, lead to another civil war? Certainly not. To the great natural resources of the hill and mountain country was the South indebted for power to maintain the recent war. To the more developed resources of the mountain country of the North have we stood indebted for power to extinguish the rebellion. When the whole mountain region shall be of one mind it will be found that the people of the flats can make no war. As Pennsylvania has gone so has always gone the Union. As she now goes, so will it go. She does now go for abolition of monopolies, Northern, Eastern, and British, and it may be well for our Republican friends of the trading States to know that the days of their existence have been already counted, and have been found to be very few in number.

Ten years since, after the occurrence of the great financial crisis

[*From the "Globe," Feb.* 24, 1855.]

* "The manufacturers of Massachusetts were willing to assent to a reduction of manufactured articles for the reason *that it was accompanied by a still greater reduction* on raw material. * * * *

"The way to break down protection is to strike at it in detail; by detaching from its support interests that are willing to be detached."—Mr. BANKS, of Massachusetts.

"When, sir, the effort was made to detach the Pennsylvania representatives by appeals to their peculiar interests, what did you see? When we were told that ample protection would be given to the iron interest if we would strike a fatal blow at the interests of other States, the united delegation from Pennsylvania, Whigs and Democrats, answered: No!"—Mr. HOWE, of Pennsylvania.

of 1857, but in advance of his first message, I addressed Mr. Buchanan a private letter in which he was told that persistence in the policy of his predecessor would result in his own ruin and that of his party, and in dissolution of the Union. Of course he did not believe of this even a single word, it being a rule with our public men never to believe in anything until too late. That letter is, however, a tolerable history of what has since occurred. Now, my dear sir, I do the same by you. You, as I fear, will do as Mr. Buchanan did, not believing what has been predicted. Within the next decade those predictions will have become history, and your fellow-citizens may then find reason to regret that, like Mr. Buchanan, you had not believed, until *too late*.

Begging you to excuse my repeated trespasses on your kind attention, I remain, with great regard,

Yours truly,

HENRY C. CAREY.

Hon. H. Wilson.

Philadelphia, September 30, 1867.

POSTSCRIPT.

Since writing the above I find the following in the *New York Times*:—

THE REPUBLICAN PARTY—ITS GREATEST PERIL.

The warning of the Maine election came not a moment too soon for the welfare of the Republican party. The West furnishes abundant indications of the danger it encounters as a consequence of the determination of cliques and factions to foist upon it issues quite foreign to the recognized objects of its organization. Senator Grimes's vigorous protest against the attempt to make the prohibitory tariff a test of party orthodoxy, receives the indorsement of the leading Republicans of his State. Gen. Baker, Adjutant-General, and one of its most influential men, writes "that if the tariff lobby succeed in interpolating into the creed of the Republican party a prohibitory tariff plank, and making that the issue, the Republican party of the Northwest will be smashed to atoms." Strong as the statement is, we are persuaded that it does not transcend the truth. Throughout the Northwest the Republican press is unanimous in its denunciation of the combinations which try to manipulate the action of Congress on the tariff question; admitting the necessity of high duties in existing circumstances, but resisting any assertion of the prohibitory principle in the interest of classes.

History is constantly repeating itself. The above is but a new edition of the advice given to the party in 1860, and given by all the British free trade journals, the *Times* included. How it was then answered by the Convention we all now know, and my

readers have been informed as to the reasons why the answer had been such as secured the election of Mr. Lincoln.

For a present answer I beg to offer the following paragraphs from the London correspondence of the same *New York Times*, just two days later in date :—

"The correspondents of English papers give melancholy accounts of dull business in commerce and manufactures in America; but the remedy for this is so easy, as pointed out in a *Times* leader, that it is only necessary to call an extra session of Congress and adopt it. You have only to remove all restrictions upon Free Trade. Repeal all duties upon imports, and every ship-yard would be alive with workers, every factory in full operation, and the whole country prosperous and happy. But the trouble is that nobody in America knows anything about political economy. Under the actual tariff, it is said that American manufacturers are undersold by those of England and Germany—a Free Trade would bring all right again. It happens, however, that England, with Free Trade, is scarcely building any ships, and that she is in serious danger from Continental competition. How is this muddle to be disposed of? With Free Trade, half the laboring population in England lives upon wages just above the point of starvation, with no resource in sickness or old age but the workhouse, and Ireland is in a state of chronic poverty and discontent. With Free Trade, there is a perpetual war between capital and labor, and the enormous burden of pauperism is increasing. Americans may be ignorant of political economy, but I cannot see that the English are overburdened with wisdom, or that the practical results of their system are of a very enticing character. The workingmen of England believe in protection, and the English colonies practice it, to the great annoyance of the theorists at home.

"After all, Free Trade is a proved impossibility. Parliament is constantly interfering with what, according to our philosophers, should regulate itself. The Poor Law system is itself a protective measure. So are all the laws limiting the hours and ages, and regulating the conditions of labor. We have acts of Parliament forbidding the employment of women in coal-pits, where, a few years ago, they worked naked like brute beasts; acts forbidding the employment in factories of children of twelve years; and, during the last session, laws have been passed for the protection of children in the numerous trades and in the agricultural gangs which would disgrace Dahomey. There is need of abundance more of such interference. In the black country, north of Birmingham, there is a large population engaged in making nails by hand labor—especially horse-shoe nails. On an average, three females are employed in this work to one male. I wonder if, in all America, there is one female blacksmith. Even the strongest-minded of the advocates of woman's rights have not claimed for women the trade of a blacksmith. But here little girls from seven to nine years old are set to work, and kept at work as long as they can stand, hammering at the anvil, roasting by the forge, blacked with soot, never seeing school-house or play-ground, but employed their whole lives making horse-shoe nails for a bare subsistence. Absolute Free Trade sets women and children to work at forge and mine and reduces wages to the lowest possible standard; and that is the system against which humanity protests, and with which Parliament, in spite of theories, finds it necessary to interfere. Free Trade, as ultimated in England, is the most debased ignorance, the most abhorrent cruelty, the most disgusting vice, and the most heart-breaking misery, that can be seen in any country, calling itself civilized and Christian."

THE

FINANCE MINISTER, THE CURRENCY,

AND

THE PUBLIC DEBT.

BY

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THE FINANCE MINISTER AND THE CURRENCY.

§ 1. "In all the cities and towns throughout the country checks upon credits in banks and bills of exchange have largely taken the place of bank notes. Not a fiftieth part of the business of the large cities is transacted by the actual use of money, and what is true in regard to the business of the chief cities is measurably true in regard to that of towns and villages throughout the country. Everywhere bank credits and bills of exchange perform the office of currency to a much greater extent than in former years. Except in dealings with the government, for retail trade, for the payment of labor and taxes, for travelling expenses, the purchase of products at first hand, and for the bankers' reserve, money is hardly a necessity. The increased use of bank checks and bills of exchange counterbalances the increased demand for money resulting from the curtailment of mercantile credits."—*Report of the Secretary of the Treasury on the State of the Finances for the Year* 1867.

The Secretary here clearly recognizes the existence of two descriptions of currency, an inferior and a superior one—the former composed of notes which circulate on the faith of moneyed institutions, the latter of checks and drafts based on bank credits, and circulating on the faith of individuals. That this latter, being the superior one, tends to supplant the former, we are here assured; and that such is the natural tendency of monetary affairs is proved by all experience. The real need for circulating notes exists, therefore, always in the inverse ratio of the use of checks, drafts, clearing houses, and all other of the various contrivances for dispensing with the services of either the precious metals or the circulating note.

Between these two descriptions of currency there are these important differences, to wit:—

That the note represents actual property of the parties by whom it is issued, that property having been deposited in the Treasury as a security for its redemption; whereas the credit represents property temporarily deposited in the banks, and liable to be claimed at any instant:

That, while the note cannot be so used as in any manner to change its relation to the total currency, the credit may be, and habitually is, so used as to *duplicate* its relation thereto—A, the actual owner, and B, the temporary user thereof, both exercising equal power of purchase and equal power to create a currency of checks or drafts—that superior one

with the growth of which there should be diminished need for circulating notes:

That, as the inferior currency yields no interest to its *holder*, all desire to circumscribe within the narrowest limits the quantity to be kept on hand:

That, as the superior one yields interest to its *makers*, banks and bankers seek as far as possible to increase it by lending out all the moneys placed with them on deposit:

That, as the people at large find their interest promoted by limiting the use of circulating notes the quantity in actual use changes, under ordinary circumstances, so slowly as scarcely to be perceived; whereas, the quantity of credits, dependent as it is upon the arbitrary will of banks and bankers, changes from hour to hour, and with a rapidity that sets at defiance all calculation:

That, consequently, it is the power to create the superior currency, that based on mere credits, which demands to be regulated by law; and *not* that inferior one which is based on property, and which finds its proper regulation in the need for its use by the masses of the people.

These things premised, we may now study the course of things under the State bank system, taking as its type the returns of 1860, as follows, the figures representing millions:—

	Capital.	Circulation.	Capital and circulation.	Investments.	Excess investm'ts.
Total amount . . .	422	207	629	807	178
New York and New England .	235	73	308	443	135
All other States and Territories	187	134	321	364	43

The first thing that strikes us on an examination of this table is the entire harmony of the facts here presented with the theory of the Secretary, and with the general impressions on the subject, the proportion of circulating notes to capital and business having been very small in those States in which a credit currency most abounded, and very large in those in which such credits were least abundant. With a bank capital of but $235,000,000, New York and New England had the use of $178,000,000 of credits created by banks for their own use and profit, being nearly two and a half times the amount of their circulation. With a capital only one-fifth less, the remaining people of the Union appear to have enjoyed the advantages of the superior currency to the extent of but $43,000,000, and their banks to have been dependent upon the profits of circulation to an amount equal to three-fourths of their whole capital, being about twice that of the trading States above enumerated.

The total currency created by banks for their own profit appears to have been as follows:—

New York and New England, with a population of 7,000,000, and a

wealth, as returned by the census, of $3,707,000,000, had credits based upon moneys temporarily in banks to the extent of . . $135,000,000
Circulation 73,000,000

Total $208,000,000

The remaining States, with a population exceeding twenty-four millions, and a wealth of $11,558,000,000, or more than thrice greater, had a bank-created currency thus composed, to wit:—

Credits $43,000,000
Circulation 134,000,000

$177,000,000

In the one case banks might have lived and prospered, even had they been wholly deprived of the profits of circulation. In the other, outside of a few cities, no bank deprived of those profits could have existed for even a single hour.

Fully enjoying the advantages of both the people of the one could generally have the use of money at about the legal rate of interest. Limited almost entirely to the circulation, and that itself in many cases limited by absurd restrictions, those of the other were accustomed to pay twice, thrice, and even four times that rate. With the one prompt payment was a thing of general occurrence. With the other, debt was almost universal, not because of want of property, but because throughout a large portion of the country there existed neither credits, circulating notes, nor any medium of exchange whatsoever.

Such having been the state of things seven years since, under the State bank system, we may now examine the working of the, so-styled, national system, with a view to see if it has tended to correction or to exaggeration of the difficulties that then existed.

§ 2. Under the State bank system, as has been shown, the distribution of credits and circulation among the States was very nearly in accordance with the Secretary's present teachings. How far it is so now, under this, so-called, national one, organized by the Secretary himself, it is proposed here to show.

By the report of the Comptroller, just now published, the following was the state of things in October last, two years having then elapsed since the date of the Secretary's decree issued at Fort Wayne, by which the public were advised that "paper money" was too abundant, that speculation must cease, and that "contraction" must be the order of the day, the figures, as before, representing millions:—

	Banking Capital.	Circulation.	Capital and Circulation.	Investments.	Excess Investments.
Total	420	297	717	1103	386
New York and New England .	260	173	433	677	234
All other States and Territories	160	124	284	326	152

The total circulation had, in seven years, increased 90,000,000, but instead of finding that increase in those parts of the country in which credit least abounded and circulating notes were most needed, we find the whole of it, and even 10,000,000 more, to have been distributed by the then Comptroller, and now Secretary, to those very States in which credits were most abundant and a paper circulation least required.

Comparing now the bank-created currency of the two periods, we obtain the following figures :—

	1860.	1867.	Increase.
New York and New England, present population 7,000,000—			
Credit currency	135	234	
Circulation	73	173	
Total	208	407	199
Other States and Territories, population 30,000,000—			
Credits	43	152	
Circulation	134	124	
Total	177	276	99

In the first, population could have but very slightly grown. In the other it had increased to the extent of many millions, and yet, while nearly two hundred millions had been added to the one, less than one hundred had been secured by the latter. Such has been the working of a system that is styled national, but that is not only sectional as regards the North and the South, but also as regards the Centre and the West as against the North and the East.

In the intervening period the necessities of our people for a general medium of circulation had grown south and west of New York thrice more rapidly than in the country north and east of the Delaware. In many of the older States, poorly supplied before, the check and draft currency had wholly disappeared. Throughout the West new territories had been settled, and new States had been created, in which credit had as yet obtained no foothold whatsoever. Nevertheless, in the vast region south and west of New York, with four-fifths of the total population of the Union and two-thirds of its wealth, the quantity of circulation granted by the financier who has so much complained of the "plethora of paper money" has been, as here is shown, $10,000,000 less than it had been when Kansas was but beginning to be settled, and when many of

the present States and territories had scarcely yet found a place on any map whatsoever.

Circulating notes are least needed where credit currency most abounds. Such is the Secretary's present text. Cities, then, are the places at which banks least need to avail themselves of the privilege of furnishing circulation. That such was the practice under the State bank system is well known to all. How it is now, under the one organized by the Secretary himself, and how his system compares with that he had found established, is shown by the following figures, representing, as before, millions :—

	Capital.	Circulation.	Capital and Circulation.	Loans.	Excess of Loans.
		OCTOBER, 1860.			
New York . .	69	10	79	123	44
Boston . . .	35	7	42	64	22
Philadelphia .	12	3	15	27	12
	116	20	136	214	78
		OCTOBER, 1867.			
New York . .	75	35	110	241	131
Boston . . .	42	24	66	101	35
Philadelphia .	16	11	27	59	32
	133	70	203	401	198

Of $90,000,000 addition to the currency in that form of which the Secretary is now so generally accustomed to speak as "paper money," no less than $50,000,000 are here shown to have been given, and given, too, by himself as Comptroller of the Currency, to those three communities in which, by his present showing, circulating notes had been least required; $10,000,000 having at the same time been *withdrawn* from the country south and west of New York, embracing States and Territories almost forty in number, with a population numbering little less than 30,000,000, and growing by millions annually, the needs of all for some general medium of circulation being, man for man, thrice greater than those of the people of the cities whose past and present have been above described. The Secretary's theories, as given in the passage of his report heretofore quoted, are excellent. Can he now explain why it is that his practice has been so different?

The bank-created currency of those cities at the same periods may thus be stated :—

	1860.	1867.
Credits based on loans of moneys at the credit of individuals	80	*198
Circulation	20	70
	100	268

* This is probably much less than the truth, there being checks and "cash items" that to some extent must have borne interest. Opposed to them there are surplus funds which are additions to capital. The one would probably balance the other.

The Secretary denounces speculation, and professes to be earnest in his desire to put it down. Nevertheless, here, *in the very centres of speculation*, three great trading cities, we have, under a system organized by himself, an *increase* of currency amounting to $168,000,000, or within little more than $60,000,000 of the *total* quantity that, excluding Philadelphia, is allowed to all the States and Territories of the Union south and west of New York, with four times the population and with twice the wealth of New York and New England. Not content, even, with this, the great opponent of speculation and of "paper money" has been unwearied in his efforts still further to deplete the centre, the west, and the south, and to perfect the centralization already so far established, by compelling all their banks to provide in one alone of them funds for redemption of their circulation, after having already provided for the same by deposits in his own hands at Washington. A better provision for the maintenance and extension of the speculative spirit, so often and so bitterly denounced by himself, could scarcely have been devised.

The 50,000,000 additional circulation thus injected into the great centres do more to cause what it is the fashion of the day to style "inflation" than would be done by 500,000,000 of the one, two, and five dollar notes required "for the retail trade, for travelling expenses, and for the purchase of products at first hands," those purposes for which money is really, in the Secretary's view, to be regarded as a "necessity." By whom, however, were they so injected? By the Secretary himself, in his capacity of Comptroller of the Currency! He, therefore, it is, who is to be regarded as the great "inflationist;" yet does it please him to style as such all those who fail to see that the resumption of specie payments can by any possibility be attained by means of measures tending to total destruction of the societary circulation.

"Capitals," said Mirabeau, "are necessities, but if the head is allowed to grow too large, the body becomes apoplectic, and wastes away." That, precisely, is what is here occurring, the whole tendency of the Secretary's system being in the direction of causing accumulation of blood in and about the societary heart, to the utter destruction of circulation throughout the body and the limbs. Hence it is that property in New York city has attained such enormous prices, and that we are now daily called upon to read of the "unparalleled advance" that, according to the *Tribune*, has taken place in the adjoining States, New Jersey and Connecticut. Passing outward, however, into Pennsylvania, we find a totally different state of things, miners and farmers being thrown altogether idle, and the depression there being quite as little to be "paralleled" as is the advance in the States so liberally patronized by our consistent Finance Minister.

To find his system working in full perfection we need, however, to look further south—to Georgia, Carolina, and Alabama. Doing this, we find

the same *Tribune*, the especial advocate of his most unphilosophical and most exhaustive system, speaking to its readers in the words that follow :—

"A correspondent, writing from Hinesville, Liberty County, Georgia, says: 'A sale has taken place at this county seat that so well marks the extreme depression in the money market that I send you the particulars: Colonel Quarterman, of this county, deceased, and his executor, Judge Featter, was compelled to close the estate. The property was advertised, as required by law, and on last court day it was sold. A handsome residence at Walthourville, with ten acres attached, out-houses, and all the necessary appendages of a first-class planter's residence, was sold for $60. The purchaser was the agent of the Freedmen's Bureau. His plantation, four hundred and fifty acres of prime land, brought $150; sold to a Mr. Fraser. Sixty-six acres of other land, near Walthourville, brought three dollars: purchaser Mr. W. D. Bacon. These were all *bona fide* sales. It was court day, and a large concourse of people were present. The most of them were large property owners, but really had not five dollars in their pockets, and in consequence would not bid, as the sales were for cash.' In Montgomery, Alabama, lots on Market Street, near the Capitol, well located, 50 feet by 110 feet, averaged about $250 each. The Welsh residence on Perry Street, two-story dwelling-houses, including four lots, sold for $3500; Dr. Robert M. Williams was the purchaser. The same property in better times would not have brought less than $10,000. The Loftin Place, near Montgomery, containing 1000 acres, was recently rented at auction for forty cents an acre. The same lands rented the present year for three dollars an acre. About thirty real estate transfers were recorded in Nashville last week; prices were low. In Portsmouth, Virginia, a house and lot, formerly of the Reed estate, situated on the south side of County Street, near the intersection with Washington, was recently sold to Mr. Ames for $750. A building lot at the intersection of South and Bart Streets, brought only $125. A portion of Woodland, the late Judge John Webb Tyler's estate in Prince William County, Virginia, has been purchased by Mr. Delaware Davis, of New Jersey, at $20 an acre."

The more the blood is driven to the heart the more do the limbs become enfeebled, and thus greater becomes the liability to paralysis, to be followed by death. The Secretary has been, and still is, driving all the blood of the Union into the States and cities of the north and east, and with every step in that direction the circulation becomes more and more torpid and the paralysis more complete.

§ 3. Of the agricultural departments of France a very large proportion are steadily declining in population, the main reason therefor, as given in a highly interesting paper recently published,* being to be found in "a total absence of that power to supply themselves with circulating notes which elsewhere results from the presence of banks or other establishments of credit, or that of individuals whose signatures to such notes command the public confidence."

Agriculture, for this reason, fails in those districts to obtain the aid of capital, except on conditions so onerous as to be ruinous to the borrower.

* Journal des Economistes, September, 1867.

Just so has it always been throughout more than half the Union; the farmers of the Mississippi Valley, and the planters of the South and Southwest having been compelled to pay for the use of circulating notes twice, thrice, and often even five times the rate of interest paid by their brother agriculturists of New England and New York.

So did it continue to be until the needs of war compelled the Treasury to do that which it should long before have done, furnish a national machinery of circulation, by means of which the farmer might be enabled to buy and sell for cash, and to pay in cash his mason and his carpenter; thereby, and for the first time in our history, enabling these latter in their turn to acquire that feeling of real independence which results from exercise of power to choose among contending shopkeepers that one which would most cheaply supply the cloth, the coffee, or the sugar required by their families and themselves. At once the whole position of affairs was changed; the needy farmer and laborer, begging for credit, disappearing from the stage, and the anxious trader, begging for their custom, taking their place. It was a revolution more prompt, more complete, and more beneficial than any other recorded in financial history; its direct effect having been that of supplying the inferior, the most useful, and the least dangerous currency to those portions of the country which, while abounding in labor and in natural wealth, were as yet too poor to command the services of that superior one by which, in the course of time and in accordance with the Secretary's present teachings, it was to be replaced.

Of all the machinery of commerce there is none which renders so large an amount of service as that which facilitates exchanges from hand to hand. The more it abounds the more rapid is the circulation, and, as in the physical body, the greater are the health, the strength, and the force. It is, however, the one that is always last obtained, and most difficult to be retained. In furnishing it gratuitously to the centre, south, and west, the Treasury rendered a larger amount of service to our whole people than it would have done had it given the gratuitous use of railroads whose *cost* would have been twice as great as its own *amount*. That service was found in the increased demand for labor, to the great advantage of those who had it, in its various forms, for sale—the farmers, mechanics, and laborers of the Union. To some extent, however, it damaged those who made no profitable use of their own physical or mental faculties—annuitants, mortgagees, and other persons in the receipt of fixed incomes.

That, however, is the necessary result of beneficial changes of every kind, all such improvements manifesting themselves in an elevation of the labor of the present at the cost of accumulations of the past—the rate of interest always falling as labor becomes more productive. Instead, however, of so regarding it, those who suffered have, of course, insisted that it had been nothing but "a forced loan;" that, for that reason, it

should, at the earliest possible moment, be repaid; and that the whole people should, for their benefit, be deprived of all the vast advantage which, under pressure of the war, had been so promptly gained. By whom, however, had the loan been made? Had it not been by the whole body of the people? Assuredly it had, and that same body had been the recipient of its products.

It had been simply the one great corporation of the Union combining with its members for obtaining, free of charge, the use of machinery of inestimable value, in default of which the societary circulation had previously been so much and so frequently arrested as to cause waste of labor to an annual amount twice greater than the circulation that had thus been furnished. It was that corporation combining with its members for their relief from the oppressive taxation of usurious capitalists, money-lenders on the one hand, and traders on the other. Of those who made the loan none complain. None suffer; there being not even a single one who cannot, on the instant, be reimbursed, obtaining from his neighbor property of value fully equal to that which he had given for his share of this, so-called "loan." What they do complain of is that, while willing to extend their loans, and to do so without charge of interest therefor, they are not permitted so to do; and here they complain with reason.

The Secretary insists, however, that this is only "paper money," of which there exists, in his opinion, so great a "plethora," that, at any sacrifice, this loan must be repaid. Seeking this "plethora," we look to the South, and find plantations being almost given away, because of the almost entire absence of currency of any description whatsoever. Turning next to the Mississippi Valley we find currency so scarce that manufacturers and traders pay for its use twice and thrice the usual rate of interest; farmers, meanwhile, finding difficulty in obtaining it on any terms whatsoever.

Coming now to the centre, we find it to be so little superabundant as to compel the employment of bank certificates—a sort of bastard "paper money" that otherwise would not be used. Passing thence to the North and East, the centre of speculation, and therefore, perhaps, in both the past and the present, so largely favored by a finance minister who professes himself opposed to "speculation," we find an abundance, and perhaps even the "plethora" of which he has so much and so frequently complained. Taking, however, the whole Union, we find that of this terrible "paper money" the quantity in actual circulation cannot be estimated at more than five hundred millions of dollars, or little more than a dozen dollars per head. With less than half the need of it per head, France has a circulation of thirty dollars for each individual of her population; and yet, with even this large supply, her agricultural districts are even now actually perishing for want of some representative of money to

be employed in the effectuation of exchanges. Of all the countries of Europe there is none in which there exists in such complete abundance that superior currency which, as the Secretary assures us, and as we know to be the fact, tends to supplant the circulating note, as is the case in Britain. Yet even there do we find the circulating medium, per head, to be twice as great in quantity as among ourselves. Nevertheless, with these facts before him, and in direct opposition to his own most recent teachings, the Secretary assures us that it is to the excess of "paper money" we are to look when desiring to find the "obstacle" which stands in the way of "a return to a stable currency!"

Scotland, as stated in the article above referred to, has for each 5000 of her population a place at which money operations may be transacted. Nevertheless, there is no country of Europe in which circulating notes are so generally used. This, according to the Secretary, should make of it a good place to sell in and a bad one in which to buy; there yet is none in Europe better in which both to sell and to buy.

Jersey, one of the little Channel islands, with a population of 55,000 gathered together in a space less than half that embraced within our city limits, has no less than seventy-three places at which monetary affairs may be transacted; and yet, with all this vast machinery for supplying the superior currency, her people use of notes, none of which are of less than $5 value, more than $400,000, or almost $8 per head. Add to this the gold and silver that must necessarily be used, and we obtain a larger proportion than is now in use by a people of little less than 40,000,000, scattered over half a continent, among by far the larger portion of whom there exist none of those appliances by means of which, in more advanced communities, the use of money, whether the precious metals or the circulating note, is so much economized. Excluding New York and New England, and allowing for the general absence here of those means, the circulation of Jersey is *ten times* greater per head than that of nearly forty of our States and Territories; and yet, not only does this little island enjoy the highest degree of prosperity, but there is not a spot in Europe in which excess of currency stands less in the way of both buying and selling with advantage. The facts and the Secretary's theory do not, therefore, harmonize with each other. So much the worse, he will probably reply, for the unfortunate facts.

It is, however, as he says, an irredeemable currency, and therefore an "obstacle" to resumption. The first of these assertions is true, and here we are happy once again to agree with the honorable Secretary. Whether or not it really constitutes *the* obstacle, and whether or not the Secretary's movements tend to remove that which is certainly the real one, we may now inquire.

§ 4. By the present banking law it is required that before any associa-

tion of capitalists, large or small, shall commence supplying their neighbors with machinery by means of which they may be enabled readily to make their various exchanges, they shall lend to the government an amount one-ninth greater than that of the circulating notes with which they desire to be supplied; and that the bonds they are thus required to buy shall be placed in the Treasury, to be there held as security for payment of the notes.

That done, and the notes received, it is then required that with these latter they shall purchase a certain proportion of Treasury notes payable on demand, to be held by them as further security for the payment on presentation of any portion of their own circulation. Further, in the event of failure of payment, their stockholders are made to a certain extent individually liable for any ultimate deficiency of assets, whether as regards the holders of notes, or the owners of credits on the books.

Having thus defined the terms on which the several portions of the country might be enabled to furnish their various neighborhoods with machinery of circulation, and having provided such restrictions as rendered it most difficult so to do except in rich and populous districts, it might have been supposed that then it would have been everywhere left to the people themselves to decide whether they would, or would not, have among themselves institutions of credit empowered to supply them with circulatory notes. Not so, however, the law providing that whensoever such circulation shall have been anywhere issued to the extent of $300,000,000, all power for further issue shall cease, and thus establishing a monopoly in the hands of those who first had taken possession of the little that had been granted.

Compliance with these conditions was easy in those communities within which credit institutions already largely abounded, and in which, by the Secretary's own showing, circulating notes least were needed, to wit, New York and New England. Most difficult, however, must it prove in all of those in which such notes most were needed, to wit, the centre, the west and the south, those in which the superior currency of checks and drafts least existed. Most of all was it easy in those large cities in which, as shown by the Secretary himself, "not a fiftieth part of the business is transacted by the actual use of money;" and in which, as he further says, "except in dealings with the government, for the retail trade, for the payment of labor and taxes, for travelling expenses, the purchase of products at first hands, and for the banker's reserve, money is hardly a necessity." Of all this the Secretary must have been then perfectly aware, and so having been, it became his duty, in his then capacity of Comptroller of the Currency, so to act as to secure to the States and Territories least provided with the superior currency the largest possible share of the limited quantity of the inferior one that has been thus allowed. Directly the reverse of this, however, we find him to have added $100,-

000,000, to the previously existing circulation of those States in which credits most existed, and $50,000,000 to that of the three cities in which circulating notes were least of all required; while actually diminishing by $10,000,000 the allowance to the whole country south and west of New England and New York. Had it been his especial desire to produce the inflation of which he has since so much complained, he could have chosen no better mode of operation.

By this course of action there was established a monopoly of money power without a parallel in the world; that monopoly, too, created by the Secretary himself in those very centres of speculation in which each additional million does more to produce "inflation" than could or would be done by any ten millions scattered throughout the pockets of the farmers and laborers of the east, the west, the south, or the southwest.

The counterbalance to this monopoly was found in the existence of a machinery of circulation that had been created by the people themselves for the purpose of enabling each and all of them readily to exchange their services and products. The one tended towards enabling capitalists of the cities to compel the interior more and more to depend on them for performance of all their exchanges, and thus to give them more complete control over the farmer and the laborer. The other, on the contrary, tended towards enabling farmers and laborers to exchange among themselves, freed from the control of city capitalists; and for that reason, perhaps, it has been that our Finance Minister has been so unwearied in his efforts to drive it from the stage.

For the accomplishment of that object he and his particular friends have done their utmost towards destroying the confidence of our people in each other, and in the country's future. From day to day has "contraction" been insisted on, accompanied by the assurance that prices must be made to fall; that property of any description whatsoever bought to-day might be valueless to-morrow; that mines opened, furnaces or houses built, this year, must prove in the next to be worth far less than they had cost. Raids have been made upon banks. Interest-bearing securities have been withdrawn from them for the express purpose of compelling them to heap up greenbacks in their vaults. Factories and furnaces have been closed that might and would have consumed hundreds of thousands of tons of coal and bales of cotton. Mines have been abandoned, and manufacturers have been ruined. Paralysis has been brought about through the whole extent of the Union, and all these things have been done to the ends that the people might be deprived of a circulating medium created by themselves and for themselves; that the monopoly of the extreme North and East might be perfected; and that the "speculator" might in this manner be driven from existence. To what extent these latter have been attained, we may now inquire.

From the report of the Comptroller just now issued we learn that on

the first of January, 1867, the loans on private security by the banks of New England and New York were $404,000,000, and that nine months later not only had there been *no contraction*, but there had been an actual *increase* of their amount.

At the first of these dates they held $297,000,000 of interest-bearing public securities. At the last, their amount had fallen $14,000,000, the whole effect of a nine months' vindictive warfare having been that of compelling them to disgorge *public* securities yielding them an annual interest of probably $800,000. Placing against this the higher interest that lenders had, by means of the Secretary's aggressive policy, been enabled to secure, the balance in favor of the banks would probably count by millions, for all of which they had been indebted to the policy announced in the celebrated but unfortunate Fort Wayne decree. The policy that carried us through the war favored those who had labor to sell and money to borrow. That of the Secretary favors those who have money to lend and labor to buy; and hence it is that the societary circulation becomes daily more and more impeded, and that the Treasury daily loses power.

Throughout the North and East there was certainly a plethora of currency needing to be corrected. Has the Secretary, with all his efforts, succeeded in making this correction? On the contrary, he has not only proved himself utterly powerless in that direction, but has, by largely withdrawing that machinery on which, almost alone, were dependent the people of more than half the Union, made the centres of speculation relatively far more powerful than they had ever been before. To what extent this course of action has tended towards facilitating resumption may be now examined.

§ 5. The Secretary's policy of "contraction," as has been shown, has been fully operative in all those portions of the Union that did *not* enjoy the benefits of that superior currency of checks and drafts which, as he informs us, have so largely "taken the place of bank-notes," and that, for that reason, most needed such notes, the national circulation having been reduced more than $70,000,000, without provision of local currency to take its place. It has been wholly inoperative in all those centres of speculation in which "not a fiftieth part of the business is transacted by the actual use of money," the "plethora" still existing just where the Secretary had himself created it, monetary starvation being, meanwhile, the lot of two-thirds of the whole population of the Union, and their position, relatively to the highly speculative North and East, undergoing daily deterioration. In this state of things it is that the Secretary has graciously announced his determination to postpone resumption for another year, giving to banks and bankers to July, 1869, for preparing to "face the music." More simple, and more in accordance with what,

as we think, he must have known to be his real position, would it have been had he at once announced a postponement to the Greek *kalends*, a day whose arrival was never to be apprehended. That under the present system it never *can*, by any possibility, arrive, will be clear to all who shall take the trouble to study the existing relation of banks and people, banks and State, as it will be now exhibited.

On the first of October last the debts of banks to individual depositors amounted to	$538,000,000
Their debts to banks and bankers, a very considerable proportion of which was from city to country banks, and bearing interest, were	112,000,000
Circulation	300,000,000
	$950,000,000
On the same day they held of legal-tender notes, of various descriptions	$157,000,000

Let us now suppose that notice had then been given them to be prepared on the first of January to face their creditors and meet their obligations. Such preparation would, of course, have involved the calling in of hundreds of millions of loans, attended with bankruptcy of thousands if not even tens of thousands of miners, manufacturers, traders, "speculators," and others interested in the general business of the country, to be followed by a general failure of institutions whose stockholders were all, to a greater or less extent, liable for payment of their debts. Would the banks have done this? Assuredly not, if any other course were open to them. Would there then have been any other? Most assuredly there would. They might then have chosen between bankrupting the Treasury with large profit to themselves therefrom, or becoming themselves bankrupt with still greater loss; the one course simple and readily pursued, the other difficult and trying to the consciences of all who might, even for a moment, think of its adoption.

On the day thus supposed to have been appointed, the first of January, the Treasury was owner of $88,000,000 of gold. On that day the banks held probably the same amount as in October of Treasury obligations redeemable in gold—to wit, $156,000,000. By presenting little more than half of these for payment, they would at once empty the Treasury vaults, while still retaining nearly $70,000,000, every dollar of which would be from that moment receivable at the custom-houses, though not necessarily receivable by the claimants of interest on the public bonds. From that hour the Treasury would be bankrupt, as interest could be no longer paid. Is it, then, the banks that need to be protected against the State, or the State that needs, by continuing the suspension, to be protected against the banks? Assuredly it is this latter.

Would, however, the banks so have acted? Most certainly they would. They held then, as they now hold, in their own hands the means of protection against a policy that is both insane and vicious; and had they failed to use it, they would have fully earned the censure of their fellow-citizens and of the world at large.

The debts due to depositors by the banks of New England and New York, and those of the three chief Atlantic cities, exceed $500,000,000. Add to this their circulation, and we obtain an amount little short of $700,000,000, to meet which they hold somewhat more than $100,000,000 of Treasury obligations payable on demand, a quantity very insufficient for meeting their creditors, but quite sufficient for enabling them to hold the Treasury itself in check. There is thus at the heart of the system, and centre of the "speculation" so much denounced by the honorable Secretary, a force that can at the shortest notice be brought to bear upon him, and against which he would find himself as utterly powerless as did Canute when he undertook to check the rising of the tide. In establishing the great money monopoly of the East and North, the Secretary did but create a monster, a sort of monetary Frankenstein, armed with power to control himself, the author of its unfortunate existence.

That the Secretary knows and feels all this is proved by his extreme anxiety to be authorized to go abroad to beg for loans, and to dress up his securities in a manner calculated to please the fancies of the little capitalists of France and Germany, Switzerland and Holland. His fellow citizens are anxious to lend him all he needs, and wholly free of interest. Rejecting all such aid he, placed in the direction of a community possessing greater mental and mineral resources than any other, seeks to be allowed to peddle his wares in all the towns and villages of Europe, and thus to present in fullest relief the miserable state of weakness to which, by means of a policy the most narrow and unstatesmanlike, our people and our government have been reduced.

Closing his eyes to the fact that throughout the whole of his ministerial life we have been exporting bonds by *tons weight*,* the Secretary now urges that he be permitted to create new bonds, to be exchanged for gold by means of which to effect resumption. Simultaneously with this we have an estimate of customs revenue for the realization of which we must, allowing for frauds of various kinds, import more than $400,000,000 of foreign merchandise. Add to this freights, interest, and expenses of our

* One of the agents charged with care of the foreign mails has stated recently, to one of our diplomatic representatives in Europe, that *each and every trip* throughout the last two years he had carried registered letters containing bonds the weight of which varied between 60 and 300 pounds. This is for but one of the several weekly lines of steamers, and to estimate the total quantity at but 150 pounds per week, would give *a ton weight per quarter*. It is in the face of this that it is now gravely proposed to create a new loan specially for Europe.

people resident or travelling abroad, and we obtain a gold demand, for Europe of fully $550,000,000; or more than twice the amount of all the tobacco, oil, cotton, and other products we have for export. In our relations with foreign countries there is an annual deficit of hundreds of millions to be paid in gold or bonds, and it is in the face of this great fact that the Secretary proposes to go abroad to purchase the gold by means of which he is to be armed with power for controlling a great monopoly which but for himself would never have had existence. With every step in this direction he is still further weakening both the people and the State, and making new preparation for our arrival at that goal toward which, from the hour of his taking the direction of our finances, we have been tending—that of bankruptcy of the Treasury and final repudiation of the national debt.

Had the Secretary studied our financial history, he would have seen that whenever the societary circulation had, as in the protective periods ending in 1835 and 1847, been rapid, the *many* who had had need to labor and to borrow had been strong for their contest with the *few* who had need to purchase labor and had money to lend; and, that then, and *then only*, had the nation been strong for the assertion of its proper place among the Powers of the world.

It was the *many* who made the recent war. It was they, and not the *few*, who gave the government power for suppressing the rebellion. Almost from the hour, however, of the appointment of our present Finance Minister the alliance between the many and the Treasury ceased to exist, and hence the present weakness of the State. From that hour there has been an incessant effort at strengthening the *few* for their contest with the *many*, and hence it is that such large fortunes have been accumulated by those connected with Treasury operations, the whole people meanwhile suffering under a necessity for paying greatly increased rates of interest, and banks and bankers building palaces while laborers and their families perish because mines and mills stand closed, their owners having been almost, even when not altogether, ruined.

The road in which the Secretary demands that we now travel finds its termination in repudiation. That such is the case is proved by all the recent movements. If, then, the holders of our bonds desire that the national honor be maintained, let them insist upon such a change of policy as shall tend towards early restoration of the societary circulation.

§ 6. The societary circulation becomes more rapid, men become more prosperous and more free, and the State grows in wealth, strength, and power, as the circulating note, readily exchangeable for coin, takes more and more place of the coin itself. Still more rapid is the growth of all as that higher currency of credits, upon which are based the checks, the drafts, the clearing-houses, and other machinery for economizing the use

of money, tends to supplant both the metals and the note; every movement in that direction as much indicating progress as does the substitution of the wagon for the pack-horse; the locomotive, in its turn, supplanting both horse and wagon. For speed and economy the highest form of currency almost emulates the electric telegraph, the circulating note finding its correspondent in the postman of modern days, and the precious metals in the messenger of olden times, when the public postman had as yet scarcely made his appearance on the stage.

Electricity and steam need the curb. So does the highest form of currency. The wagon horse needs the spur. So does that description of currency which takes the form of circulating notes. Crises, public and private, come when the former is left wholly uncontrolled. Stagnation and weakness follow in the train of measures preventing development in direction of the latter. That such is the case is proved by every page of our financial history, yet do our legislative records present a constant series of efforts for prohibiting the use of the note and thus compelling use of the metals, a course of proceeding just as philosophical as would be one that should look to forbidding wagons lest they might lessen the demand for pack horses. Time and again has it been proposed that our people should be prevented from giving or taking any note of less denomination than $10 or $20. As often have they been forbidden to avail themselves of the services of any that should be less than $5; and yet, despite of all opposition, the note has held its ground and grown in public favor. Not only so, but it must continue so to do, despite the recent declaration of our honorable Secretary that to all systems under which "circulating notes are issued" he finds such "grave objections," that "if there were none in existence in the United States he would hesitate to recommend or to indorse the most perfect that had ever been designed."

Greatly admiring the *credit* which so supplants both the note and the metals that the use of either almost ceases to be "a necessity," he thus strongly opposes the note which constitutes the intermediate step between the metals and the credits. Unable to recommend the dangerous wagon, he greatly admires the safety and celerity of the locomotive and its train. Common sense, however, teaches that as the wagon is useful as preparation for the engine, so the note is needed as preparation for the credit, and that both are evidences of advancing civilization.

Beyond the Atlantic there is no country that has so much as Scotland tended towards substitution of the readily-transferable note for the slow-moving metals, yet is there none that less has suffered from financial crises of her own creation. Directly the reverse of this, we find in England a constant series of regulations as to who might, or might not, issue notes, and as to the minimum value of such as might be issued, the whole at last culminating in an absurd and preposterous system that has, in its little more than twenty years of existence, given to the world no less than three

financial crises, each more severe than that by which it had been preceded; and the last so greatly so that recovery therefrom has scarcely as yet commenced. By that law it was provided that the curb should be used where the spur had most been needed, leaving at the mercy of banks and bankers that higher currency, created for their own especial use and profit, in relation to which control was really required, while checking and controlling that inferior one with the use of which all seek to dispense as far as is consistent with the convenient effectuation of their exchanges. Such having been its necessary tendencies, the extraordinary expansions and contractions that have attended its brief existence offer no cause for wonder.

At home, in the New England States, there was presented for examination a banking system directly the reverse of that of England, the most free, the most natural, and therefore the most stable and useful, of any the world had ever known. Nowhere had currency been so cheaply furnished. In none had redemption been so uniform. Instead, however, of studying it, the originators of our present system studied carefully that of England, finally adopting it, with the addition of new and burdensome restrictions in reference to that inferior currency which most was needed, and leaving, as in England, wholly unchecked that superior one to which we had in all the past been indebted for every financial crisis with which the country had been afflicted.

Bad as was this law itself the danger that it threatened was intensified by the organization under it that followed, the then Comptroller of the Currency, and now Secretary, having applied the spur in all those portions of the country in which the curb had theretofore been needed, while reserving this latter for those of them in which institutions of credit least existed, and in which their careful nurture was most required. Hence the situation in which he now finds himself, face to face with a great monopoly whose power increases with each and every of his efforts at its limitation.

Desiring now to reach resumption we must wholly change our system, ceasing to use the spur in that only portion of the country in which the curb is needed, the north and east, and declining to apply this latter in the centre, the south and the west; in all of which the prosperity of the people and strength of the State would greatly be promoted by increased facilities of exchange.

Circulation demands to be re-established throughout the Union, and to that end we need to calm down the excitement which exists in close neighborhood of the heart; at the same time adopting measures tending to stimulate the body and the limbs that are now so nearly torpid. That such measures may be adopted it is needed that our legislators begin to appreciate the folly of a system that leaves to banks, bankers, and "speculators" the entire and absolute control of that superior currency whose

power for good or evil so closely resembles that of electricity, while refusing to permit the miner and the laborer, the mechanic and the farmer to determine for themselves how much of the inferior one they will carry in their pockets.

The road by which we now travel is, to the people at large, a painful one, and one by which resumption never can be reached. That by which we should travel, though somewhat long, would be travelled joyfully by all but those who are now financially and politically so largely profiting by the general distress. The Treasury forces have been long arrayed on the side of these latter, and hence the weakness of the people and the State. It is for Congress now to see that this no longer be the case.

THE FINANCE MINISTER AND THE NATIONAL DEBT.

§ 1. The Secretary's theory in reference to the currency, as has been shown, is in direct conflict with his practice; the former most earnestly teaching that the need for circulating notes everywhere exists in the *inverse* ratio of the use of checks, drafts, and other machinery for economizing money of every kind; the latter, on the contrary, giving such notes in the *direct* ratio of the existence of that superior currency which, as the Secretary himself informs us, everywhere tends to supersede the note. So too, as will now be shown, is it with reference to the public debt, his teachings being in the direction of maintaining inviolate the public faith, the tendency in the opposite direction of the public mind becoming, and that necessarily, more and more rapid as his policy is more fully carried out. Like the boatman, he is always looking in one direction while rowing in another.

Seeing clearly that such *is* the present tendency, and correctly appreciating "the great interest and alarm excited by the doctrines recently promulgated," the Secretary has, in his recent voluminous and most feeble report, devoted much space to a lecture on the absolute necessity for paying the debt in gold, both principal and interest. Replying thereto, Congress might, as we think, with great propriety ask of him to show how far his own measures in the past had tended toward diminishing the amount of interest now to be paid; toward lessening the present burthen of the debt; toward increasing the general power to contribute to the revenue; toward strengthing the hands of that loyal portion of our people to which we had been indebted for suppression of the rebellion, and to which alone the holders of our public securities can now, or in the future, look with any confidence for disposition to carry into full effect the contracts of the war. Admitting that this were done, let us now look to see what are the figures in relation to present burthens that must be given in the reply that would then be made.

In October, 1865, the total debt was $2,808,549,000, of which $1,162,000,000 were payable in gold. The total interest was $133,000,000, of which $67,000,000 were gold, and $66,000,000 currency. Admitting now that the character of the debt had remained unchanged, and taking the price of gold at 140, the quantity of lawful money to-day required for payment of interest on that amount of debt would not exceed $150,000,000.

In October, 1866, the debt, deducting money in the treasury, had been reduced to $2,551,000,000, of which the gold portion had been increased to $1,342,000,000. Here was a large reduction and yet the interest paid thereon appears to have grown to $143,751,000, the gold portion of which must have been $78,000,000. Estimating as before this gold at 140, it would amount to $109,000,000, adding to which the currency portion, $66,000,000, we obtain as the amount of lawful money then required for satisfaction of demands for interest the sum of $175,000,000.

In October last the debt had been further reduced, and then stood at but $2,491,000,000, the gold portion of which had grown to $1,775,000,000. Almost three hundred millions less in quantity it now requires for the payment of interest, as stated in the report, page 43, no less than $152,515,640, being nearly $20,000,000 more than had been needed before reduction of the principal had been commenced. Of this the gold portion is $105,000,000, being the equivalent of $147,000,000 lawful money. Adding now to this the currency portion, say $47,000,000, we obtain as the total amount of lawful money this year required for satisfaction of claims for interest no less a sum than $194,000,000, being $44,000,000 more than had been needed when the debt, as stated by the Secretary himself, had been $266,000,000 greater. Adding further the interest on these $266,000,000, we obtain $210,000,000 as the amount that would to-day be payable on the same amount of debt which had existed at the date of the celebrated decree which announced "contraction" as being the order of the day; and by means of which confidence, public and private, has been so far destroyed, and the societary movement so thoroughly paralyzed, that the payment of even half of this enormous amount would be far more burthensome than would have been that of the whole on the day on which the Secretary entered on his most destructive career.

At the date of that mischievous and most unfortunate decree there were still outstanding compound interest notes, payable in 1867 and 1868, to the extent of $159,000,000. The interest on these, so far as paid, may be estimated at $20,000,000; and to that extent is the growth of currency interest accounted for. There is in this, however, nothing to account for the fact that the interest hereafter to be paid, all of it in gold, stands at $130,000,000, or within $3,000,000 of the sum actually paid in the fiscal year 1866, when the debt stood at its very

highest point. We are thus presented with the fact that the Secretary proposes in the next fiscal year to divide among bondholders $130,000,000 of gold, now worth in lawful money more than $182,000,000; whereas the amount of such money required at the time when the debt amounted to $2,808,000,000, had been but $150,000,000. In all other countries the public credit improves with diminution of the need for loans. Here, under our admirable system of finance, it seems, on the contrary, to deteriorate as the debt is more and more diminished.

The remarkable fact is thus presented, that precisely as the paralysis becomes more general—precisely as labour and all its products fall in price—precisely as lawful money becomes more valuable in the hands of those who hold it—precisely as it becomes less and less attainable by those who need to get it—precisely as taxation becomes more and more burthensome—precisely as these phenomena become more general throughout the land, the quantity of lawful money required for satisfaction of the claims of bondholders increases; the poor being thus made poorer while the rich are being made richer, and banks, bankers, and treasury agents building palaces, while mills and mines are being closed and working men and women deprived of power to obtain either the food or the clothing required by their families and themselves.

On an average the prices of labor and its products are at least a third less than had been the case at the date on which the Secretary announced to Congress and the people his determination to enforce "contraction." The $182,000,000 lawful money of to-day would therefore purchase almost as much as could have then been bought with $300,000,000. As but half this latter sum, or $150,000,000, was then required, it is clear that the burthen of taxation for payment of interest has, except among the bondholders themselves, by means of the Secretary's policy been fully doubled. Hence it is that the cry has become so general for discharge of the principal in lawful money. Hence it is that the word repudiation is now so freely used! That it shall soon become universal all that is needed is that the Secretary shall be allowed by Congress to go ahead in the substitution of gold bonds for greenbacks, for compound interest notes, and for all other securities that make no demand for gold, whether for principal or for interest.

The amount of gold to be paid in the next fiscal year, for various purposes will exceed $140,000,000. To enable the Treasury to obtain that quantity our importations, allowing for frauds of various kinds, *must* exceed $400,000,000. Adding to this interest payable abroad, travelling expenses and freights, we obtain a sum exceeding $500,000,000, and perhaps reaching $550,000,000. Against this we have exports in the last fiscal year amounting in currency to $385,000 000, and in gold to $231,000,000, leaving little less than $300,000,000 to be paid in either gold or bonds.

The day for the sale of bonds abroad is fortunately approaching its close, and with every step in that direction there must be diminished power to import foreign merchandise, accompanied by diminution of Custom-House receipts. With each there must be diminution of treasury power for controlling prices, that diminution keeping steady pace with the increased necessity for gold growing out of a constant substitution of gold bonds for those whose demands upon the Treasury are limited to lawful money. Such being very decidedly the tendency of affairs, the probability is great that the $130,000,000 required for the coming fiscal year will represent much more than $200,000,000 in lawful money; and little less than thrice the quantity of commodities generally that could, in the autumn of 1865, have been purchased with the $150,000,000 of lawful money that were then required for discharging all the claims for interest.

The late holders of 7.30 currency bonds are now receiving gold equivalent to 8.50 lawful money. But for the interference of Congress, such would now be the case with most of the present holders of legal-tender interest-bearing notes. Such it *will* be with all those whose notes cannot be included within the $50,000,000 of three per cent. certificates. The perfection of modern financiering is, to all appearance, to be found in raising the rate of interest, in increasing the burthen of the public debt, and in annihilating the power of the people to contribute to the public revenue.* The financial system that carried us through the war, looked, on the contrary, to reduction of the rate of interest, and to stimulation of the societary circulation.

Were it not for the Secretary's profession of desire to maintain the public faith we should be much disposed to believe that, determined upon bringing about repudiation, he had arrived at the conclusion that the shortest road thereto lay in the direction of making the debt from day to day more burthensome. Certain it is that had such been his wish, he could have chosen no better course of operation than that he has so consistently pursued almost from the hour that he was so unfortunately placed in the direction of the national finances.

* The most efficient and persistent advocate of the Secretary's plans for raising the rates of interest is found in the New York *Tribune*, whose teachings of the day on which we write are as follows:—

"The Secretary of the Treasury, if he has any surplus, should use it in paying off $46,244,780 of compounds, and $23,265,000 of three per cent. certificates—together $69,509,780; and if he has no surplus, should sell six per cent. gold bonds enough to pay them as they mature. Congress and the Secretary should lose no time in undoing the financial blunder made during the rebellion. The first step should be the funding of every currency obligation with gold-bearing bonds, leaving nothing to be cared for next December but its 'due-bills,' called legal tender."

§ 2. Prior to the breaking out of the rebellion Congress had been accustomed to define very accurately the course to be pursued in the negotiation of loans and in the discharge of public debt, and to require that in all cases there should be the most perfect publicity in regard thereto. With the war, however, there came, here as elsewhere, many changes, the exigencies of the case having made it necessary to leave very much to the discretion of the distinguished man who then, so honorably to himself, discharged the duties of the place now filled by Mr. Secretary McCulloch. Peace having returned, it might have been supposed that his successor would gladly have sought, as far as possible, to relieve himself from responsibility, taking the orders of Congress rather than promulgating his own decrees. Directly the reverse of this, however, he has, on every occasion, whether as regarded contraction or expansion, sale of gold or cancellation of greenbacks, negotiation of loans or discharge of liabilities, demanded to be invested with full authority, and has, with all his energies, resisted every effort at limitation of his powers. Such having been, and such being now the case, there would seem to be propriety in showing, to some small extent, how power has been exercised in the past, with a view to proper understanding of what may be looked for in the future.

The last hours of the XXXIXth Congress were marked by the enactment of a law having for its object limitation of the Secretary's contractive force. To the end of compelling the banks to absorb the greenbacks then in circulation he had announced a determination to convert all the "interest-bearing notes into five-twenty bonds," and had already so far proceeded in the act that of the $217,000,000 issued there had remained outstanding, at the date of his report, less than $160,000,000. Of these a large amount would become payable on the first of October 1867, and thenceforward to August, 1868, and it was greatly feared that while limited in his *direct* contraction of the currency to $4,000,000 per month, he might, *indirectly*, bring about one thrice greater in amount. That he might be prevented from doing this Congress instructed him to issue three per cent certificates to the extent of $50,000,000, at the same time authorizing the banks to take and hold them, as they before had held the interest-bearing notes, as part of their reserve. Such was the second act of congressional rebellion—the second repudiation of that financial system which looked to increasing the wealth and strength of the already rich while depriving those who had labour to sell of all power to provide food and clothing for their families and themselves.

Sullenly accepted by the Secretary, he, from the hour of its passage, persistently refused to give any *public* notice of his intentions in regard to execution of the law that had been thus enacted. Would he issue the notes and thus prevent necessity for contraction? Would he refuse to issue them and thus compel contraction? Such were the questions that

for the nearly seven months which passed between the second of March and the first of October 1867, occupied the minds of banks and bankers, borrowers and lenders. As the day approched on which this important question *must* be determined, anxiety increased, and what were its effects is shown in the following statement of the rate of loans and discounts throughout September :—

	Sept. 9.	Sept. 16.	Sept. 23.	Sept. 30.
Call loans	3 @ 4	4 @ 6	7 @—	6 @—
Loans on Bonds and Mortgage . .	6 @ 7	6 @ 7	6 @ 7	6 @ 7
A 1, indorsed bills, 2 mos. . .	6 @ 6½	6 @ 6½	7 @ 7½	7 @ 7½
Good indorsed bills, 3 and 4 mos. .	6½@ 7½	6½@ 7½	8½@10	8½@10
" " single names .	9 @10	9 @10	10 @—	10 @20
Lower grades	11 @15	12 @18	12 @20	12 @20

"The stringent tendency of the money market," says the *Merchants' Magazine*, from which we take this table, "causes a sudden realizing movement at the Stock Exchange, and stocks held at the beginning of the month with much confidence in a rise corresponding to the improved earnings of the roads, were sold at a decline ranging from 5@10 per cent."

To calm the excitement then existing—to relieve the public mind—to save from bankruptcy hundreds of most useful citizens—to maintain in employment tens of thousands of working men and women—all that was then required was *a single word* from the Secretary to the effect that he meant certainly to obey the law ; but, *that word was never uttered.* Why was it not ? Why had it not been uttered even six months earlier ? Why had our whole people been kept so long in ignorance in reference to a matter of such vast importance ?

The first of October at last arrived, bringing with it an absolute necessity for announcement of the fact that the Secretary, having always regarded the act as "mandatory," had then no power to avoid its execution. At once the public mind was relieved, and men went on their way rejoicing in the belief that bankruptcy might be avoided without necessity for adding to the enormous sacrifices they had already made.

The Secretary professes to be deadly hostile to "speculation," yet here do we find him compelling nearly the whole societary world to give itself during many weary months to the work of "speculating" as to whether he would or would not comply with the provisions of a law that had been enacted with a view to limit his powers for mischief. We say *nearly the whole*, it being scarcely to be supposed that there did not exist some one or more persons fully cognizant of the fact that he had arrived at the conclusion that the law had been so worded as to leave to him no choice whatsoever ; and that, for that reason, it *must* be carried into full effect. Were there any such persons ? If so, they were in possession of a secret worth very many millions. Having seen the cards they could safely "speculate," doing this by aid of a studious silence on the part of an

officer of the government who ought to have known that retention of so important a secret must inevitably have the effect of inducing suspicion that he himself had profited of the "speculation" he had so freely and so persistently denounced; and whose self respect should have taught him that, like Cæsar's wife, he was bound to be not only pure but unsuspected.

In the whole history of the government there can be found no single case in which a secret has been more perfectly, if even so perfectly, guarded. Down to the moment *at which silence could be no longer kept* the bank officers of this and other cities were kept in ignorance as perfect as could have been the case had it been a decision of the French or English government that had been awaited. That others, and those others in close relation with the treasury, were not so ignorant would seem to be fully proved by the magnitude of the purchases that, as generally understood, then were made.

Starting now from the day on which the public mind had been relieved, and the "speculators" had been thus placed in a position to realize large profits on their extensive purchases, we may now study the course of things from that date to the present time. To that end the following table is submitted, showing—

I. The total amount of currency in the treasury;

II. The amount thereof deposited in the banks;

III. The quantity of notes withdrawn from circulation by being placed in the various sub-treasuries; and

IV. The gold on hand after deducting the gold notes then outstanding.

	Oct. 1.	Nov. 1.	Dec. 1.	Jan. 1.
Total currency . .	31,813,000	22,458,000	37,486,000	25,770,000
On deposit . . .	22,434,000	23,590,000*	23,000,000†	23,000,000†
In Sub-treasury notes	9,379,000		14,486,000	2,770,000
Gold	88,000,000	97,000,000	82,000,000	88,400,000
	97,379,000	97,000,000	96,486,000	91,170,000

The remarkable fact is here presented, that while the whole quantity of money, gold and paper, in the various sub-treasuries but slightly varies, the difference of proportions is enormously great, notes being withdrawn from circulation as gold is sold, and gold reappearing as paper is again permitted to go abroad. Closely following the announcement that the three per cent. certificates were really to be issued, and at the very moment

* This is the amount that was on deposit on the last day of October. whereas the quantity in the treasury is for the first of November. This may, perhaps, account for the fact that the former appears to be somewhat in excess of the latter.

† These are estimates, there being no published account of later date than October 31st. The amount appears, throughout the year, to have varied between 22 and 25 millions.

when the "speculators" of September had such substantial reason for desiring that money should be abundant, we find the sub-treasuries to have been entirely stripped of notes, while gold was being rapidly accumulated. October passed, November now presents another change, gold being sold and notes to an enormons extent withdrawn; that withdrawal, too, made at the moment when large amounts were being called for at the west and south for removal of the crops, and the rate of interest being thus carried even higher than had been the case before the issue of certificates.

	Nov. 1.	Nov. 8.	Nov. 15.	Nov. 22.	Nov. 30.
Call loans	6 @ 7	6 @ 7	6 @ 7	7 @—	7 @—
Loans on bonds and mortgage	—@ 7	—@ 7	—@ 7	—@ 7	—@ 7
A 1, indorsed bills, 2 mos. .	7 @ 9	7 @ 9	7 @ 8	8 @—	7½@
Good indorsed bills, 3 and 4 months	9 @12	9 @12	8 @12	8 @12	8 @12
Good indorsed bills, single names	11 @12	11 @12	11 @12	11 @12	11 @12
Lower grades	15 @25	15 @25	15 @25	15 @25	15 @25

December now, as we see, presents another change, gold being piled up as notes are paid out, money being made again abundant, and "speculators" of the previous month being now again afforded opportunity to realize their profits. What may have been the movement in the month that since has passed we have no present means of knowing; but, as money is now *permitted* to abound, it may fairly be assumed that in that time little gold has been sold, and but few notes have been withdrawn.

Studying the facts above presented the reader must, we think, be forcibly reminded of the well-known game of the pea and the thimble, commonly known as thimble-rig. Of those who play it there is always one *who knows exactly where the little joker may be found*, and he it is who profits by the "speculation." So, as it would seem, is it in all our present treasury arrangements, there being always some one who knows under which thimble the golden pea may certainly be found, and whether he may safely play the part of bull or bear; and hence it is that fortunes are being now so largely and so rapidly accumulated by all of those concerned in the various treasury manipulations.

§ 3. The suggestion has been made by some evil minded persons that political reasons had had much to do with the extraordinary financial movements of September and October last, money having been made exceedingly scarce and men in thousands having been deprived of power to earn snbsistence for their families and themselves, at the very moment when elections in the great central States were already close at hand. What truth there may be in this none but the Secretary himself can certainly tell, but sure it is, that had he desired to produce general dissatisfaction he could scarcely have chosen any more suitable course of action than that here exhibited as occurring in the few weeks which preceded the second Tuesday of October last, as follows:—

Before Election.	After Election.
Menaced suppression of $50,000,000 of legal tender notes:	Announced emission of $50,000,000 of three per cent. certificates:
Large sales of gold:	Gold sales stopped:
Temporary suppression of $9,000,000 circulating notes:	Actual emission of $9,000,000 of circulating notes:
Contraction universal and crisis imminent:	Inflation general, and fear of crisis removed:
Bears and money lenders rejoicing:	Bulls and borrowers rejoicing:
Mills and mines being closed, and working men despairing of both the present and the future.	Miners, manufacturers, and working men more hopeful.

How the treasury action first above described was then regarded, is shown in the following paragraph from the *Merchants' Magazine* of October last, and particularly in the sentences here italicized :—

"The money market during September exhibited the activity usual at the fall season. The demand for currency, to move the crops at the West, has been unusually large, owing not only to the abundance of the yield, but equally to the high prices of breadstuffs and the anxiety of the farmers to realize. The receipts of grain at the lake ports have been about double the quantity for the same period of 1866; and the Western banks have been taxed to their utmost in satisfying the wants of the movers of this large amount of products. The discounting and rediscounting of produce paper, and the withdrawal of the balances of Western banks have caused an outflow of currency, legal tender and bank, of probably fully $25,000,000 within the month; and at the close the efflux continued in undiminished volume. *The financial operations of the Government have also had an important bearing upon the course of the money market. At one period its sales of coin and of bonds largely exceeded its disbursements in the purchase of seven-thirty notes, resulting in a temporary withdrawal of currency from the banks which, together with the westward drain, and the calling in of funds from some of the national depositories, had the effect of producing a very sharp stringency, and a full 7 per cent. rate on demand loans.* The city merchants have suffered inconvenience from this condition of things. As the banks could employ their balances at 7 per cent. on call they have been indifferent about discounting, and have confined their operations in paper to the best of their depositors. Large amounts of choice paper have been thrown upon the street at 7½ @ 9 per cent.; while fair average names have sought buyers in vain at much higher rates."

Looking only at the movement by which the elections had been preceded the political idea would certainly seem to have some foundation; but when we study the whole ground as above exhibited, and estimate the number of millions that might have been, and perhaps were, realized by parties, individual and incorporated, who had stood behind the scenes selling gold and heaping up greenbacks; gathering large commissions and

controlling free of interest the public moneys; investing those moneys in bonds and stocks preparatory to the upward movement that must inevitably follow disclosure of the important and closely guarded treasury secret; the idea becomes in a high degree absurd. Still more so does it appear when we take the month following the last of the fall elections, finding in November the "contractive" screw turned again and to such extent as in that short period to have converted into paper no less than $15,000,000 of treasury gold; all this, too, having been but the prelude to an "inflation" that, in the month directly following, converted into gold nearly all the treasury paper. Seeing the vast pecuniary advantage that must have resulted from such manipulation of the public funds, none but the most maliciously disposed could possibly be led to find therein any evidence of the Secretary's desire to interfere in mere politics.

The Secretary's friends, including, of course, all those of both political parties who stand behind the scenes, justify this course of action, asserting it to be his duty to cause money to abound at intervals in order to obtain good prices for the gold bearing bonds he seeks to sell; and then to cause it to become scarce that he may obtain at low prices the paper-bearing securities he seeks to buy; a very comfortable doctrine, certainly, for those who know *the precise moment at which they themselves may buy and sell.* Less comfortable, however, is it for that outside public which finds itself robbed at one moment by being forced to sell to the well-informed; and then again robbed at the following one by means of an artificial expansion of the causes of which, as well as of the contractive movement *meant to follow*, it is kept in utter ignorance.

At the great European gaming establishments, Baden, Homburg, and others, the laws of the game establish an advantage to the bank by means of which, notwithstanding occasional heavy losses, it *must*, in the long run, come out winner. Outside of this all is fair, and players have not the slightest fear that dice will be cogged, that cards will be packed, or that *well-informed* employees will be found betting on their own private account. Here, on the contrary, each successive treasury report furnishes evidence that the cards *had been* packed, while the rapidly accumulating fortunes of treasury friends and agents give proof conclusive that *they*, at least, had not been kept in ignorance.

Desiring now to compare the Secretary's practice with his theory we turn to his report for December, 1866, and there read as follows, the italics being our own:—

"Under these circumstances, feeling sensible of the great responsibility of his position, the Secretary has deemed it safer and better for the country to act according to the dictates of his own judgment, carefully regarding the condition of the markets and of the treasury, rather than to take his direction from those who, however intelligent and able, were under no official obligations to the government, and might be less accurately ad-

vised in regard to the actual state of its financial affairs. *He has regarded a steady market as of more importance to the people than the saving of a few millions of dollars in the way of interest; and observation and experience have assured him that, in order to secure this steadiness in any considerable degree, while business is conducted on a paper basis, there must be power in the treasury to prevent successful combinations to bring about fluctuations for purely speculative purposes.*"

Here, as elsewhere, the theory is excellent, but when we compare it with the practice, it is found that the last sentence of this passage would very accurately describe the latter had it told us that the treasury must have "power for the *promotion* of successful combinations to bring about fluctuations for merely speculative purposes."

The Secretary bitterly opposes all that "speculation" which manifests itself in the opening of mines, or the building of mills and furnaces. Of all the financial ministers the world has yet seen, those alone excepted by whom Louis Napoleon has been surrounded, there is, nevertheless, none who has more favored that class of "speculators" which profits by causing the "fluctuations" he here professes himself desirous to prevent.

§ 4. "The debt is large, but *if kept at home*, as it is desirable that it should be, with a judicious system of taxation, it *need not be oppressive.*"—*Report on the Finances, Dec.* 1865.

Such was the Secretary's theory at the opening of the Thirty-ninth Congress, but little more than two years since. Nevertheless, almost before the ink had dried with which it had been written, and certainly before there had elapsed even a single month, he had become most urgent with Congress to permit him to manufacture bonds expressly calculated for European markets. Most wisely, permission was refused, Congress having been then of the opinion that the debt, if *not* "kept at home," *must* become "oppressive;" and that it would become more and more unbearable as it became more and more the property of absentees, whether foreign or domestic.

One year later, in the Secretary's Report of December, 1866, we find him addressing Congress in these words:—

"Our importations of goods have been increased by nearly the amount of the bonds which have been exported. Not one dollar in five of the amount of the five-twenties now held in England and upon the continent has been returned to the United States in the form of real capital. But if this were not a true statement of the case, the fact exists, as has already been stated, that some three hundred and fifty millions of government bonds—not to mention State and railroad bonds, and other securities—are in the hands of the citizens of other countries, *which may be returned at any time for sale in the United States, and which, being so held, may seriously embarrass our efforts to return to specie payments.*"

The theory here propounded is admirable, but what was to be its writer's practice? Did this latter look towards bringing about a state

of things that should enable the smaller holders among ourselves to retain the bonds yet remaining in their hands? Did it look to abolition of that great money monopoly in the creation of which the writer himself had taken so large a part, and by means of which the domestic market for bonds, as security for circulating notes, has been limited to little more than $300,000,000? Did it in any manner tend toward lessening the power of foreign creditors over all our movements? Nothing of the kind! Directly the reverse, the Secretary asked that

"He should be authorized to issue bonds, not having more than twenty years to run, and bearing a low rate of interest, payable in England or Germany, to be used in taking up the six per cents now held abroad, *and in meeting any foreign demand for investment that may exist.* The question now to be considered is not," as he continued, "how shall our bonds be prevented from going abroad—for a large amount has already gone, and others will follow as long as our credit is good, and we continue to buy more than we can pay for in any other way—but, how shall they be prevented from being thrown upon the home market, to thwart our efforts in restoring the specie standard? The Secretary sees no practicable method of doing this at any early day, but by substituting for them bonds which, being payable principal and interest in Europe, will be less likely to be returned when their return is the least desired."

Here, as everywhere, we find the Secretary's practice to be in direct conflict with the theory so well presented in his report. Finding this latter excellent, and having no faith whatsoever in the former, Congress again refused the permission for which he had thus again applied.

Another year having now rolled round we are favored with a new report, containing not even a single word in reference to the exceeding dangers to be apprehended from the existence of a foreign debt for the mere interest on which there are now required sixty millions of gold dollars, and most probably a quantity greatly larger. Equally silent is he seen to be in regard to his favorite idea of manufacturing bonds expressly calculated for captivating the fancies of the little capitalists of Continental Europe—theory and practice being, apparently, alike forgotten. Not so, however, the whole scheme promptly reappearing in another shape, demanding $20,000,000 for meeting the expenses incident to carrying it into full effect; and threatening, like the celebrated horse of Amy Darden, to be ridden year after year into our legislative halls until, as in that memorable case, Congress shall, from sheer exhaustion, be led to grant the power for which the demand had been so persistent.

Meanwhile the Secretary has not failed to use all the power with which he had been, unhappily, invested; nor is he likely to do so in the future. The foreign market requires gold-bearing bonds, and will take nothing else. Seven-thirties cannot, therefore, go abroad. So, too, is it with legal-tenders and compound-interest notes. To fit them for exportation they must be converted into five-twenties, a work to be accomplished at any cost. So well has it been accomplished that these latter have gone

by *tons weight* across the Atlantic, and so rapidly as effectually to have prevented any rise of price, and to have caused a national loss of probably a hundred millions.

Common sense might have taught the Secretary that the more cotton, wheat, bonds, or any other commodity, forced upon the foreign market, the lower *must* be the price abroad and at home. Equally might it have taught him that the more he increased the necessity for gold the higher must be its price. Setting at naught, however, all its teachings, he has glutted Europe with the one, while so increasing his need for the other that he now *dares not* to do anything tending to prevent increasing the foreign debt. Bonds *must* be sold that gold may be made to flow into the treasury through the custom-house; and any failure to find further foreign markets for securities must, and certainly *will*, be followed by failure to pay the gold interest the Secretary now so freely promises.

Those promises can be redeemed only on condition of an import of merchandise that, after deducting other demands abroad which constitute first mortgages upon our exports, leaves a balance of hundreds of millions to be paid in either gold or bonds. The more we send of the latter the lower will be their price, and the higher will be the rate of interest; and yet, strange to say, the Secretary fancies that it is by means of travel in that direction we are to reach resumption!

With each new bond manufactured by the Secretary, in defiance of his own teachings, for exportation, it becomes more uncertain as to when, if ever, we shall resume the use of the precious metals. With each it becomes more certain that the road in which he would have us travel finds its termination in bankruptcy of the treasury, and final repudiation of the public debt.

§ 5. Of the many lessons taught us by the war the most important was that from which we learned that the national strength had grown, and must continue to grow, with the growth of self-dependence. Mining our own coal, smelting our own ores, and making, wearing, or using our own iron and cloth, swords and guns, ships and engines, but little difficulty was experienced in meeting the large demands of the government for labor and its products of any and every kind, accepting, in return, its promises to pay in money at a future day; doing all this too not only without the aid of British capitalists, but in direct defiance of their predictions that the debt thus being contracted neither could nor would ever be discharged. For the first time in our history we found ourselves released from all dependence on foreign banks and bankers.

Throughout the war the societary circulation had been rapid to a degree never before known in any country of the world. Labor had, therefore, been so productive as to have enabled thousands and tens of thousands of working men and women to accumulate little capitals; and

so absolute was their faith in the public promises of future payment that they gladly placed their little earnings in the treasury, to be used for prosecution of the war. Confidence of the people in their government so far begot confidence in each other that throughout the whole range of the loyal States it made itself manifest in the great fact, that in the rate of interest paid by poor and rich, by the weak and the strong, the owner of the little workshop and the proprietors of the great railroad, the man of the East and his correspondent in the West, there was a nearer approach to equality than had here ever before been known.

With return of peace and the accession to power of the present Secretary it came, however, to be discovered that, however well-intentioned might have been his predecessors, their whole movement had been grievously erroneous and must be at once retraced. Machinery of exchange had been too abundant, and the supply thereof must be contracted. The community had become too largely indebted to its individual members, and the debt must at the earliest moment be diminished, preparatory to being, and at an early date, entirely discharged. Lenders had been placed at a disadvantage as compared with borrowers, and needed now to have their grievances redressed. That all this might be done—and done, too, at a time when States, counties, cities, and individuals were yet struggling under heavy burthens resulting from voluntary contributions to the extent of hundreds of millions—it was needed that prices should be everywhere diminished, taxes meanwhile being maintained at their greatest height; the Secretary thus demanding that the people's candle should be burned at both ends, with a view, perhaps, to determination of the important question as to how long, under such circumstances, it could be made at all to last.

So it has been burnt until mines, mills, and workshops have to so great an extent been closed that hundreds of thousands of working-men, their wives and children, have been deprived of bread; their owners, meantime, having been wholly deprived of revenue.

So it has been burnt until the domestic consumption of cotton has been to so great an extent diminished as to *force* upon the country that increase of dependence on foreign markets which has reduced its price to less than the cost at which it could be reproduced.

So it has been burnt until confidence has so nearly disappeared that working-men, the really useful portions of society, find themselves compelled to pay thrice, even when not quadruple, the rate of interest.

So it has been burnt until long loans on individual credit have almost entirely given place to loans "on call," on the security of government bonds.

So it has been burnt until our dependence on foreign banks and bankers has become more complete than at any former period.

So it has been burnt until the Secretary has become entirely dependent

on imports resulting from the sale of bonds abroad for means with which to pay the daily growing interest on the public debt.

So it has been burnt until from almost the whole interior comes advice of entire inability to meet the just demands of city merchants.

So it has been burnt until the picture presented in all our cities has become that described in the following paragraphs cut from journals of the day:—

Destitution in Philadelphia.—Unusual destitution is prevailing this winter among a class which has hitherto been comparatively free from want. We refer to respectable mechanics with their families, and work-women of every kind, such as have never before needed alms. Rev. Mr. Long, the Bedford Street missionary, whose specialty it is to relieve poverty, declares that the misery among the *respectable* poor, who are the last to beg, is heart-rending. Those who are able and willing to contribute alms, which will be employed in the most judicious manner, may send them to this gentleman, No. 619 Bedford Street. There is at present especial need in this severe weather for shoes and garments.

"The report of the New York Association for improving the condition of the poor, shows that during the month of January the number of the needy classes was greater than in the corresponding one of any year save January, 1855. Great as is the present destitution, the Association fears it will become even greater, as the month of February is always found to be the most trying for the poor. Compared with the past winter, there has been, up to the present time, a decrease of $5411 in its receipts. This fact finds an explanation in the existing business depression, which not only causes increased want to be relieved, but contracts one of the main sources of that relief. In addition to this cause, the Association has not been favored as usual with special donations; and, although no public appeal has as yet been made, it has become necessary to do so. The total number of families assisted during the month was 4943, and of persons 18,123. The amount expended in relief was $13,021.14, and the number of visits amounted to $8712."

The Boston *Traveller* says: "Such has become the increased demand for soup at the station-houses that it has been found necessary to procure sixty-gallon kettles instead of those holding only forty gallons, which were first put in use. Yesterday several of our first men tested the quality of mutton soup provided, and pronounced it capital, and good enough for anybody."

Such having been the results obtained, we may now, for a moment, study the Treasury process by means of which so disastrous a state of things has been produced.

Throughout the war, confidence being universal, capital was freely scattered through the country to the great advantage of farmers, miners, manufacturers, and working-men of every kind. To compel its withdrawal and to raise the current rate of interest that confidence needed to be destroyed, and to that end it was required that we should have successive shocks, such as have already been described—gold being sold at one moment and paper withdrawn, the latter being again pushed out as the former was heaped up—until it should become manifest that none but the very rich could hope to prosecute their operations to a successful ter-

mination. To what extent this system has been carried throughout the past half year has been already shown, and its effects in forcing capital back on the great centres of speculation are here described:—

"The monetary irregularities connected with the arbitrary withdrawal of a large portion of the circulation caused the banks throughout the country to hold an ample amount of their funds constantly in readiness for sudden emergencies; and the suspension of the process, having removed these dangers, has left the interior banks free to employ an enlarged proportion of their money with their New York correspondents. This accumulation of deposits, however, is to be regarded as indicating an unusual contraction of business operations, which is another of the injurious consequences of an unnatural process of contraction."—*Circular of Clews & Co., New York, Feb. 7.*

The general alarm of September last, consequent upon large sales of gold, and refusal of the Secretary to give any *public* notice of his intentions in regard to the three per cent. certificates, caused a reduction of the deposits of the associated banks of New York, from 195 to 178 millions. In October, when the Secretary gave out paper and heaped up gold, they rose again to $187,000,000. Sales of gold and absorption of paper, in November, forced them down at the opening of December, to $174,000,000. Giving out of paper and retention of gold carried them up again, until, on the 4th of January, they had reached $187,000,000; and on the 1st of the present month, no less an amount than $213,000,000, or about $10,000,000 in excess of anything that had before been known. Such have been, and such still are, the movements of a finance minister who professes himself opposed to "speculation," and gravely asks for power to be used in preventing "*successful combinations to bring about fluctuations for purely speculative purposes.*"

By all this *somebody* profits. That the general public does not would seem to be proved by the following from the same Circular to which we have been indebted for the paragraph given above:—

"In financial circles there is a very general feeling of dissatisfaction at the bearing of the public debt upon the rate of interest. There is now held on this side of the Atlantic, about $1,400,000,000 of United States gold-bearing bonds, the larger portion of which yield interest equal in currency to 8 to 8¼ per cent. This high rate of interest upon such an enormous aggregate of investments has a tendency to keep capital aloof from productive employments, and naturally compels borrowers to pay more for the use of money than they can afford. The prevalence of high prices and the heavy taxation of products tend directly to reduce the net profits upon business; and, as an offset to this diminution of profits, money should be procurable at a proportionately lower interest. But so long as the Government is paying such exorbitant rates, this desideratum is impossible of attainment. Should this condition of things be long continued, the mercantile interest must be ultimately seriously impoverished, and the progress of the country retarded."

Who, then, *does* profit by all these contrivances for raising the rate of interest—for improving the condition of those who live without labor—

and for destroying public and private credit? The answer to this question is found in the fact that there are always certain persons who know exactly *when to buy and when to sell*, and who *do* buy and *do* sell at precisely the time when profit is certain to result therefrom. For the benefit of such persons, and not that of the people at large, is, to all appearance, the Treasury now administered; and if such a course of administration shall not have the effect of bringing about final repudiation of the debt, it will need to be recorded as one of the most wonderful facts in financial history.

How all this affects the general power to contribute towards payment of either principal or interest of the debt, may be understood by those who study the following figures, representing the state of the Treasury at the opening of the year, and on the first of the present month:—

	January.	February.
Currency	$25,770,000	$25,578,000
On deposit [estimated] .	23,000,000	23,000,000
In Sub-treasury . . .	$2,770,000	$2,578,000
Gold	88,400,000	68,862,000
Total . . .	$91,176,000	$71,440,000

With no diminution whatsoever of the debt there is, as here is shown, an actual loss of $20,000,000 in the means with which to meet it. Deducting this from the payments of the month, $42,700,000, we obtain as the actual revenue less than $23,000,000, or the equivalent of $270,000,000 for the year; and even that obtained at the cost of sacrifices on the part of tax payers that find no parallel in any portion of our financial history. Seeking compensation therefor, the unhappy sufferers must be content to find it in the fact that to banks, bankers, and Treasury agents the system has proved so largely profitable that they now propose to establish in Washington a journal charged with the especial duty of advocating that policy under which the many are being deprived of bread, while the few become daily richer; that one under which the burthen of the debt increases with every hour; that one which tends to carry us forward, and with daily increased rapidity, towards final repudiation.

§ 6. "The Secretary of the Treasury holds despotic power over the material interests of the country, and it is now known by the disclosures made, beyond truthful denial, that the authority he holds has been used, ignorantly or by design, to promote private ends at public cost.

"It is an error to suppose that the Secretary is deprived of the power of contraction or inflation of the currency. He may sell bonds or gold at his pleasure, privately; collect the proceeds of sale in currency, withhold it from circulation, and thereby reduce it temporarily, as certainly as if the notes were cancelled; and then, by payments from the Treasury, inflate again.

"Prior to the war, the uniform practice of the Government was to offer to public competition the bonds of the United States, and awarding them to the highest bidder. Then no secretary would have dared to sell bonds without special authority, and by public sale. The employment of brokers was unknown, and transactions, such as have been reported, would have insured prompt inquiry and condemnation.

"The exigencies of the war appeared to justify another course of action, and many thoughtful and experienced men saw its dangers, and warned the public of the threatening peril; but they warned in vain, and that which was intended to

be only temporary, became the established practice, and the prevalence of a remarkable and unaccountable apathy in regard to the financial interests of the country, doubtless protected the officials and their friends from the investigation which now is being instituted. Encouraged by the indifference referred to, and stimulated by the hope of vast additional gains, the famous 'Sherman Funding Bill' was conceived: a scheme doubtless the product of much thought and of many minds, fertile in expedients, and skilled in the art of applying language to conceal and not express their thoughts and designs."

In the views thus expressed by the able author of an anonymous paper just now published nearly all will now fully coincide. Entire as was its confidence in the integrity of the then finance minister, and fully as that confidence has been justified by the fairness and openness of his conduct throughout the war, Congress certainly, and greatly, erred in granting to any one, however honest or however able, an exercise of power so absolute as was that granted to Mr. Chase. Necessity alone could at all have justified such a course of action. With the close of the war that necessity ceased, and thenceforth should there have been a change the most complete, publicity being enforced and the finance minister of the day, be he whom he might, being thus freed from the suspicion that must necessarily arise when hundreds of millions are negotiated with a privacy so perfect as to have given no little color to the charge that millions, if not even tens of millions, had been made so to pass into the hands of the negotiators as almost entirely to defy detection.*

Mr. Chase and his immediate successor courted publicity; whereas, their successor, the present Secretary, so entirely avoids it that, outside of a certain magic circle, few pretend even to guess at the shuffling of the cards till the game has throughout been played, and the winnings bagged. The former always used words calculated to "express," and *not* to "conceal their thoughts and designs"—never saying *black* when they really meant *white*. With the latter all is different, his teachings and his practice being uniformly in conflict with each other, black meaning always white, and *vice versâ*, as will now be shown.

Professing publicly a desire to prevent inflation and stigmatizing as "inflationists" all who fail to see the public advantage that is to result from building up the fortunes of banks, bankers, treasury agents, and all others within *the ring*, we find him privately injecting tens of millions into those great centres of speculation in which single millions do more toward producing the inflation he affects to deprecate than could be done by tens of millions of legal tenders given to the Centre and the West:

Professing publicly a desire to bring about financial stability we find him privately exchanging millions and tens of millions of gold for the "paper money" he so much dislikes; and then again as suddenly, and as privately, reconverting millions of this greatly despised "paper money" into gold:

Publicly professing a desire to prevent "speculation" he is constantly

* "The administration of the Treasury Department under Secretary M'Culloch reminds one of the rebuses which appear in certain ambitious periodicals, with the provoking note—'Solution in our next.' It is a perpetual rebus which keeps us all guessing wildly day and night, until the appearance of the next monthly exhibit from the Department puts us out of our pain by furnishing the solution.

"Everybody guessed the rebus for May. The blunder of the Department was so enormous that nobody needed to wait for the June statement to learn that thirty millions of gold had been thrown away at 15 @ 20 per cent. below the market, and that somebody had thereby realized a neat little profit of three or four millions."—*Harper's Weekly*.

and privately engaged in bringing about the changes desired by speculators, so well succeeding that the chill and the fever now follow each other with a rapidity wholly unparalleled in our financial history:

Publicly professing a desire to prevent "successful combinations to bring about fluctuations for purely speculative purposes," the chief business of the Treasury now, to all appearance, consists in privately organizing such combinations:

Publicly professing a desire to keep the debt at home, the private arrangements all tend towards compelling small holders to part with their little property, and thus to furnish the bonds required for foreign markets, and for facilitating those imports by aid of which, alone, the Secretary can at all hope to obtain the gold whose payment he now so freely promises.

The regular recurrence of this opposition between theory and practice may, perhaps, be attended with some disadvantages; but, on the other hand, it has the recommendation that when we desire to know what it is that the Secretary means privately to do we need only to seek for the opposite of that which publicly he recommends as proper to be done.

Looking thus always one way while rowing in another the Secretary furnishes a subject for "speculation" the like of which the financial world, here or elsewhere, till now, has never seen—a whole people "speculating" as to how it is that the cards are being shuffled. Detectives innumerable hover about his path, at one moment announcing that 10-40's are being smuggled into circulation, and at the next that offers for millions of the same had been privately refused. Closely following public efforts at stimulating offers of 7-30's comes the announcement that the Secretary had privately ceased to purchase. On one day we learn that gold had been gradually smuggled out; while on the next it is suggested that, determined to hold the gold operators in check, the Secretary has determined to make no further sales. These things may, or may not, be true, but there is always one set of men *that certainly knows*, and that gains by all the movements, those looking to contraction as well as those by means of which "inflation" has so frequently, so privately, and so profitably to the ring, been brought about.

In thus privately arranging for so many hundreds of millions, and thus exposing himself to suspicions so injurious, the Secretary may, perhaps, be misled by the belief that he is rendering public service, and that, Curtius like, he is sacrificing himself for his country's good. If so, it being wholly wrong to accept such sacrifice, Congress should at once prohibit private arrangements of any kind whatsoever, and insist on the most perfect publicity being given to every financial operation, large or small. By so doing it would relieve the Secretary as regards the future, but what of the past? Must he forever be exposed to charges of the malevolent to the effect that he had been prompted by private reasons to the enormous changes above described as having occurred in the past half year? Assuredly not. Congress would seem bound now to afford him opportunity for showing that in all those extraordinary movements he had proved himself as pure as had been either of his distinguished predecessors. Justice would seem to require that he should, too, be allowed the fullest opportunity for showing that there is not the slightest reason for the belief, now so universal, that the exits and the entrances of the Treasury are so carefully guarded as entirely to prevent effectuation of any public arrangements in regard to disposal of the public revenues.

The financial despotism now here established cannot be paralleled in any civilized country of the world. Determined to maintain it in its full effect, and utterly careless, apparently, in regard to reputation, the Secretary has resisted with all the force of eloquence and of patronage, every attempt at limitation of his power, or at restoration of publicity in his course of operation. Congress has, however, now rebelled, having prohibited further reduction of the greenback currency, and provided for deposit in the sub-treasuries of nearly all the public moneys. So far it has done well, but further steps are needed. The Secretary ought to be instructed to furnish greenbacks to the banks in payment of the many millions that the interest-bearing notes exceed the 50,000,000 of three per cent certificates. The effect of such a measure would be only that of causing the banks to retain their reserves in notes not bearing interest. It would make little, if any, addition to the currency, while it would save the annual $2,000,000 of gold that would otherwise be required for payment of interest on the five-twenties with which the Secretary proposes that they be replaced. It would, too, greatly limit his power to manufacture gold bonds for exportation, than which there are few things to be so much dreaded.

Further, the Secretary should be forbidden to make any further sales of gold, and should be thus deprived of all power for disturbing the money market in the way that has been above described. For this there are however, other and important reasons as will readily be seen by those who mark the fact that the sale abroad of bonds is steadily declining, and with it the power to purchase that foreign merchandise to whose import, alone, we are to look for the gold required for payment of interest on the bonds the Secretary has already so profusely manufactured. The day is now near at hand when custom-house receipts must fail to meet the gold demand; when the small amount that thus far has been hoarded will be greatly needed; and, when the value of the declarations now being made in regard to perfect maintenance of the public faith will be severely tested. What is the present tendency of affairs is shown in the fact that Pennsylvania sixes, payable principal and interest in lawful money, are preferred, at equal prices, to treasury obligations that are payable, principal and interest, in coin that now sells at 140; and that, without a total change of system, must at no distant date command a very much higher price.*

What the country now needs is restoration of that confidence of our people in each other, and of the whole body of the people in the honest management of their financial affairs, which so fully existed down to the date at which the present Secretary entered upon their management; both of which have now so entirely disappeared. To that end it is indispensable that Congress resume the control that so fully existed before the war, dictating orders and not accepting them, as has recently been so much the case. Let that body tell the Secretary what to do and how to do it; let it prohibit, under heavy penalties, such private arrangements as have been above described; and there will be then reason for hoping that the day may yet come when a people who thirty years since paid off, at par, a debt bearing but three per cent. interest, may cease to be compelled to beg for money in all the markets of Europe, gladly paying for the use thereof *little less than thrice that rate.*

* Seven-thirties convertible into gold six per cent. bonds sell at 107½, State bonds, payable in 1881, commanding 108½ to 109.

SHALL WE HAVE PEACE?

PEACE FINANCIAL, AND PEACE POLITICAL?

LETTERS

TO THE

PRESIDENT ELECT OF THE UNITED STATES:

BY

H. C. CAREY.

PHILADELPHIA:
COLLINS, PRINTER, 705 JAYNE STREET.
1869.

SHALL WE HAVE PEACE?

DEAR SIR:—

LET us have peace! In these brief words you express the unanimous wish of the loyal portion of the nation, North and South, and of whatsoever shade of color. It is the one great and preponderant desire of all that portion of our population which, at the close of a tedious and destructive war, has now succeeded in placing in the presidential chair the man to whom they had been most of all indebted for suppression of the armed rebellion. That there should be peace, and that it should be permanent, is to the true interest of all, whether loyalists or rebels, and it is in the interest of all that I now propound the great question, *Shall we have peace* —not a temporary one to be maintained by aid of military force, but such a peace as shall tend, day by day and year by year, so to bind together and consolidate the different portions of the Union as to render absolutely impossible a recurrence of scenes of war and waste like to those through which we so recently have passed? *Can* we have such a peace? For answer to this I have to say that such an one has recently, and on the largest scale, been established in Central Europe, and that all now needed among ourselves is that we study carefully what has there been done, and then imitate the great example which has there been set us.

Five and thirty years since, Germany presented to view a collection of loose fragments, most of which were mere tools in the hands of neighboring powers, France or England at one hour, Russia or Austria at another. A state of civil war had for centuries been the chronic condition of the country, and, as a necessary consequence, poverty, and such poverty as in our loyal States is entirely unknown, had, with but few exceptions, been the condition of all classes of her people.

Brief as is the period which has since elapsed, an empire has been there created embracing a population little short of 40,000,000, among whom education is universal; with a system of communications that, with the exception of those provided for the very dense populations and limited territories of England and Belgium, is not excelled by that of any other country; with an internal commerce as perfectly organized as any in the world, and growing from day to day with extraordinary rapidity; with a market on the land for nearly all its products, and, as a necessary consequence, with an agricultural population that grows daily in both intelligence and power; with a mercantile marine that now numbers more than 10,000 vessels; with a public treasury so well provided that not only has it made the recent war without need for negotiating loans, but that it has at once made large additions to the provision for

public education; and with private treasuries so well supplied as to enable its people not only with their own means to build their own furnaces and factories and construct their own roads, but also to furnish hundreds of millions to the improvident people of America, to be by them applied to the making of roads in a country the abundance of whose natural resources should long since have placed it in the position of money lender, rather than that now occupied of general money borrower.

To what now, has this all been due? To the quiet and simple operation of the protective features of the system of the Zoll-Verein, the most important measure of the century, and among the most important ever adopted in Europe. Under it labor has been everywhere economized. Under it, the producers and consumers of a whole nation have been brought into communication with each other, and thus has been created a great society which is destined ultimately, in all probability, to produce effects throughout the Eastern continent fully equal to any that may, by even the most sanguine, be hoped for in this Western one.

§ 2. Five and thirty years since, Germany and the American Union exhibited states of things directly antagonistic, the one to the other. The first was divided and disturbed, its internal commerce in every way embarrassed, its people and its various governments very poor, and with little hope in the future except that which resulted from the fact that negotiations were then on foot for the formation of a Customs Union, which, shortly after, was accomplished. In the other, on the contrary, everything was different, the internal commerce having been more active than had ever before been known, the public treasury filled to overflowing, the national debt on the eve of extinction, and capital so much abounding as to make demand, for the opening of mines, the building of houses and mills, and the construction of roads, for all the labor power of a people that then numbered thirteen millions.

The cause of these remarkable differences was to be found in the facts, that, up to that time, Germany had wholly failed to adopt such measures of co-ordination as were needed for establishing circulation among its 30,000,000 of population; whereas, our Union had, five years before, and for the first time, adopted measures having for their object development of all the powers, physical, mental, or moral, of its people, all the wealth of its soil, and all the wonderful mineral deposits by which that soil was known to be underlaid. The one had failed to bring together the producer and consumer of food and wool, and had remained dependent upon traders in distant markets. The other had just then willed that such dependence should, at no distant time, come to an end; that producers and consumers should be brought together; and there had thence already resulted an activity of circulation and an improvement in physical and moral condition, the like of which had never before been known to be accomplished in so brief a period.

But little later (1835), the two countries are once again found totally opposed, Germany having adopted the American system and thus provided for freedom of internal commerce, America

simultaneously adopting that which to Germany had proved so utterly disastrous, and which had been there rejected. Thenceforth the former moved steadily forward in the direction of creating a great domestic commerce, doing this by means of a railroad system which should so bind together her whole people as to forbid the idea of future separation. The result already exhibits itself in the quiet creation of the most powerful empire of Europe. The latter meanwhile has constructed great roads by means of which it has exported its soil, in the forms of tobacco, corn, and cotton, to distant markets, and has thus diminished its power to maintain internal commerce—the result obtained exhibiting itself in a great rebellion that has cost the country, North and South, half a million of lives, the crippling of hundreds of thousands of men, and an expenditure of more thousands of millions than, properly applied, would have doubled the incomes of its whole people, while making such demand for human force, mental, moral, and physical, as would, in a brief period, have secured the establishment of universal freedom, with benefit to all, white and black, landowner and laborer. Such have been the widely different results of two systems of public policy, the one of which looks to introducing into society that proper, orderly arrangement which is found in every well conducted private establishment, and by means of which each and every person employed is enabled to find the place for which nature had intended him; the other, meanwhile, in accordance with the doctrine of *laisser faire*, requiring that government should abdicate the performance of its proper duties, wholly overlooking the fact that all the communities by which such teachings are carried into practical effect now exhibit themselves before the world in a state of utter ruin.

§ 3. Studying now our American railroad system, we find the great trunk lines to be, so far as regards the North and the South, purely sectional, all of them running east and west and the whole constituting a collection of spokes in a great wheel whose hub, wholly controlled by men like Laird and other workers in aid of the great rebellion, is found in Liverpool. As a consequence of this it had been that our dependence on such men had become more complete as those great lines had increased in number, and with every such increase our financial crises had become more frequent and more severe. Prior to the war a single turn of the British screw had sufficed for ruining thousands of those who had invested their means in the opening of mines, the building of furnaces or factories, and for thus crushing out the most important portions of our domestic commerce. With each such crisis there came increased necessity for scattering our people over the land, and for limiting ourselves to that single species of employment which is the essential characteristic of semi-barbarism—the raising of raw produce for the supply of distant markets. From year to year the tide of white emigration rose, following always the lines of road and canal of the extreme North, and carefully avoiding the Central States. Simultaneously, south of Mason and Dixon's line, a black emigration depleted the Centre, Virginia and Kentucky, Maryland and Delaware, furnishing the bone and the muscle required for consumption in the fields of Mississippi and of Texas. As a consequence of this, the extreme

South and the extreme North grew steadily in the proportions borne by them to the whole system, until at length, as an unavoidable consequence, the body broke in two, with serious danger of seeing the parts forever separated.

Why was this? For the simple reason that the revenue tariff policy so long and so steadily pursued had effectually prevented development of the wonderful mineral resources of Maryland, Virginia, North Carolina, and the whole column of States extending west of these, embracing hundreds of millions of acres the like of which had elsewhere no existence. Had our policy been different—had we strengthened the centre—there would have been such a growth of domestic commerce that roads would have been made running north and south, northeast and southwest, southeast and northwest, thereby so tying together the various parts of the Union as to render it wholly impossible that the idea of secession should continue to have existence. *Had that centre been strengthened, as it should have been the slave would have been becoming gradually free, independence would have been fully established, we should have had no rebellion, and we should have been spared the mortification of feeling that the solution of the question as to whether or not the Union could be maintained rested almost wholly in the minds of men like Russell and Napoleon.*

Turning now to a railroad map of Germany, we find that each and every part of that now greatest of all European empires has been, and is daily being, more and more brought into communication with each and every other as direct and cheap as is now the case in our little New England States. Bavaria and Wurtemberg on the south, Mecklenburg and Westphalia on the north, are now so tied together that separation, under any circumstances, has become a thing to be no longer thought of. That this was so was clearly shown at the close of the recent war, the sovereigns of southern Germany having been compelled, notwithstanding the solicitations of France and Austria, not only to maintain but even to strengthen their relations with the *Zoll-Verein*. Peace and harmony within—strength for resistance to attack from without—material and mental wealth—political and industrial independence—all had grown together with the growth of that domestic commerce which with us has so studiously and carefully been destroyed.

Widely different would be now the state of Europe had Southern and Northern Germany been accustomed to do as we have done, making all their exchanges with each other through the medium of Paris and Lyons, Liverpool and Havre. Had they done so, the great German empire could never have had existence. Had we *not* done so—had we *not* continued Liverpool as the hub of our great political wheel—we should have escaped an expenditure of hundreds of thousands of lives, and of thousands of millions of dollars. For all that waste we stand this day indebted to the men who gave us the tariffs of 1846 and 1857 in lieu of that highly protective one of 1842 under which the nation was so rapidly achieving a real independence; and by means of which the reward of labor had so much increased that, and for the first time, immigration began to count by hundreds of thousands.—*Desiring now to prevent a recurrence*

of that waste, we must have a policy capable of giving us the great domestic commerce for which nature has so well provided as the basis of the greatest foreign commerce the world ever yet has known.

§ 4. The difference between the two systems consists in this, that while Germany has been unremitting in her efforts to make a piece of cloth, warp and woof, America has limited her efforts to the making of warp alone, the filling having been entirely omitted. The one has sought increase of domestic commerce, creating a great network of roads, and bringing consumer and producer more nearly together; the other, meantime, has looked exclusively abroad, wholly overlooking the fact that each and every step tended to the further separation of producer and consumer, and to the further diminution of power to maintain commerce of any kind, either abroad or at home.

The road toward perfect peace, perfect union, perfect freedom of trade, and perfect political independence, lies through the establishment of perfect industrial independence. It is the one on which Germany for forty years has travelled; the one which we, and just at the moment when its vast advantages were being proved, so often have abandoned. It is the one on which we *must* travel if we would have peace.

President Lincoln's attention having been, at the opening of the war, called to the view that is here presented, he recommended to Congress the making of a road through Kentucky to and through East Tennessee, to connect with other roads leading to South Atlantic ports. Had that suggestion been adopted, Kentucky would this day be a loyal State, and Tennessee would be now engaged in works of development causing such an emigration from the North as would be giving to her loyal people a power of control such as would insure the maintenance of peace. Had it been adopted, another road would probably have been suggested, leading from the Northeast to the Southwest, the two tending to bring about between the North and the South the same intimate relations which now exist between the East and the West. Rejected by Congress, an opportunity was thus lost that with difficulty will again be found. Twenty millions spent in the manner that Mr. Lincoln would have advised would have given us an emigration southward that would have effectually controlled the men who are now assuming the direction of the movements of Georgia, Alabama, and Mississippi. Those few millions would before this time have produced results that would now be cheap at hundreds, if not even thousands of millions.

Long persistence in a policy directly the reverse of that which has in so short a period built up the great German empire, has given us a rebellion, and that rebellion has led to a state of things wholly adverse to the maintenance of a permanent peace. So must it continue to be unless the national government can now be brought to co-operate with loyal Southern men for production of a change. Unaided, the people of the Centre, the South, and the Southwest cannot make the roads that are now most needed, and without which there can be no security for the maintenance of such a state of things as would warrant Northern men in opening Southern

mines, in building furnaces or factories, by means of which the consumers and producers of the South might be brought together. Can they have such aid? Apparently they cannot, millions upon millions being lavished upon Eastern and Western roads which, useful as they may eventually prove to be, tend now to intensification rather than to obliteration of the sectional feelings under which we have already so greatly suffered. Such roads need comparatively little help from government, Eastern capitalists being always ready for any measures tending to bring trade to the great cities, European or American, of the Atlantic coast. Northern and Southern roads—roads tending toward development of the extraordinary mineral wealth of the Central States—roads tending to enable the cotton of the South to reach mills and factories in the West—*do* need it, and for the reason that those capitalists are not yet so far enlightened as at all to appreciate the idea that the larger the domestic commerce the greater must be the power to purchase those finer commodities for which the Centre, the West, and the South are accustomed to look to Philadelphia and Baltimore, New York and Boston.

An expenditure for such purposes, involving an annual demand upon the Treasury for less than half a dozen millions, would add five times that amount to the annual public revenue, while giving to the domestic commerce a development that would add countless millions to the money value of labor and land, and by promoting immigration from abroad would do more for elevation of the down-trodden people of the eastern continent than has been done by all its sovereigns from the days of Charlemagne.

That we may have permanent peace, and that the desire of all loyal men may thus be realized, it is needed that our people be brought to understand that between the various portions of the Union there is a perfect harmony of real and permanent interests, all profiting by measures looking to establishment of perfect political and industrial independence, and all suffering from those which tend to prolong a dependence upon those foreign communities that hailed with so much joy the action of the men who initiated the great rebellion.

Throughout the world the tendency towards peace, freedom, and independence has grown as consumers and producers have been brought more nearly together, as the societary circulation has become more rapid, and as land and labor have become more productive. That peace may be here maintained—that all may really enjoy equality of rights—that the Union may be perpetuated—and, that the country may enjoy a real independence—we *must* have a system that shall tend towards enabling our whole people to make their exchanges with each other freed from the interference of foreign ships, or foreign merchants.

In another letter I propose to show the bearing of the measures above proposed upon the condition of the recently enfranchised people of the south, and through them on the Union at large, meanwhile remaining, with great regard and respect,

Yours truly,

GEN. U. S. GRANT. HENRY C. CAREY.

PHILADELPHIA, November 5, 1868.

LETTER SECOND.

DEAR SIR:

Little more than sixty years since the German people were in a condition so nearly akin to slavery that the chief difference between them and the colored people of our Southern States consisted in the fact, that while these latter could, the former could not, be sold at the horse block like other chattels. On the other hand, while the American slave had a positive money value that made it desirable to grant protection to children in their infancy, and to men and women in their age, the Germans had no such value except when, as with the Hessian sovereign of our Revolution, their masters could find opportunities for selling them by regiments as food for powder. Badly fed, badly clothed, wretchedly poor, and with no poor-laws by aid of which they might be enabled to demand assistance in case of illness, few, very few indeed, could command even the trifling means required for enabling them to seek abroad the subsistence denied to their families and themselves at home. Some few did then occasionally cross the Atlantic, but most generally as "redemptioners," liable to sale in open market for as many years of service as were then required for payment of their passages.

Such was the state of things throughout Germany when the disastrous campaign of Jena (1806), closely succeeding that of Ulm (1805), followed as it was by the almost entire subjugation by France of the German people, first awakened Prussian statesmen to an appreciation of the fact that if Prussia would ever resume her place in the family of nations she must look to the elevation of her whole people, and bring to a close her dependence on an effete landed aristocracy whose utter worthlessness had so recently been entirely proved. Prompt and energetic, the great man (Baron Stein) who then stood in the lead of Prussia, found himself before the close of another year prepared to announce arrangements by means of which the land was to become divided between those who theretofore had held it as property, and those by whom it had been cultivated, these latter passing at once from the condition of mere tenants at will to that of free proprietors. Thenceforth the Prussian peasant stood before the world as a freeman, and the effect of this was fully shown when, but a few years later, the Sovereign found it necessary to call to his aid the whole body of his people for expulsion of the French, and for liberation of that which then had become for them really a Fatherland.

The years which followed that expulsion were, however, years of British free trade, sad and sorrowful years, in the course of which there was little demand for German labor except so far as it was needed for that work of barbarism, the raising of raw produce for consumption in distant markets; years in which wool, rags, and

wheat went abroad to be exchanged for other wool, rags, and wheat, converted by foreign labor into cloth, paper, and iron; years in which there was furnished daily evidence that poverty of the people and weakness of the government grew with every increase of distance between the producers and consumers of a nation. Nominally, the Prussian people had become free, but practically they were so entirely under the control of foreign traders that they profited little of that freedom.

Sad experience having soon and thoroughly satisfied Prussian statesmen of the absolute necessity for bringing consumers to the side of producers, and thus relieving farmers from the burdensome and oppressive tax of transportation, the year 1818 witnessed the establishment of a tariff that was thoroughly protective, and that looked to the establishment of a great domestic commerce. Not content, however, with the slight step which had thus been made, they in the years that followed spared no efforts for bringing about an union of the various States of Germany on the footing of an entire freedom of internal intercourse similar to that which had so long existed in our American Union. Fiercely opposed in this by British agents, public and private, no less than seventeen years were required for its accomplishment; but the year 1835 at length witnessed the formation of that complete Customs Union which still exists, and to which the world at large stands indebted for the creation of a great empire which now stands first in Europe for the development, moral and material, of its people, and for the influence it exercises over the movements of the Eastern Continent.

Stein gave to the Prussian people that freedom which has everywhere been seen to result from division of the land, but to make it permanent, to extend it throughout Germany, and to prevent the retrograde movement which must inevitably have resulted from persistence in a policy which separated producers from consumers, and which looked to constant exportation of the soil in the form of rude products, it was needed that another great man, List, should make his appearance on the stage. At the cost of both property and life he did the work, and if we now seek his monument, we shall find it in the remarkable empire that has so recently appeared upon the European stage, described in my former letter.

Following the example set by Prussia, Russia, by dividing her land among those who previously had owned or cultivated it, has made one great step towards the establishment of freedom for her whole people. Thus far, however, the Emperor seems to have failed to see that there can be no real freedom for men who are compelled to waste their labor and to exhaust their soil by sending its products in their rudest forms to foreign markets. The day must, however, come when his eyes will be open to that great fact, and then, but not till then, will it be that the benevolent desires of those who had labored in the cause of Russian emancipation will stand a chance of being fully realized.

2. Failing altogether to profit by the great examples that had thus been set us, we have proclaimed emancipation while leaving all the land in possession of its opponents; and have given the right of

suffrage to men who, as the recent election has proved to be the case, must exercise it in a way to please their late masters, or forfeit power to obtain bread for their wives and children. So far as regards public lands, the Homestead Law happily places all on an equal footing, but outside of this the union man, white or black, seems likely to enjoy no rights whatsoever.

As a slave the black man had a large money value, and it was greatly to the interest of planters to provide carefully for the women and the children, much of the year's profit arising from increase of *stock*. Now, having lost all such value, and having ceased to be mere chattels, the men are shot down by hundreds, while women and children perish for want of medical assistance. How small is the chance in this respect for black republicans may be seen from the following description of affairs as they exist in relation to whites in Edgecombe county, North Carolina, at the present moment:—

"Cases are frequently reported to me of physicians refusing to attend the sick, because their relatives were republicans, or expressed their intention to vote for Grant and Colfax. One man came into my office and told me that his little boy died on Monday for want of medical aid. No physician in the part of the country where he lived would attend the boy, because he was a radical; one storekeeper kept him from eight o'clock in the morning until two o'clock in the afternoon, and would not sell him anything, because he persistently said he would vote for Grant. One man asked me to send for a northern physician, because the faculty of this country would not attend his wife, and she was at the point of death. Did I tell you about the affair in Wilson county a few weeks ago? The authorities, all Rebels, and equal to Ku-Klux, arrested a colored man named Grimes, on the charge of burning a barn, but Grimes proved himself to any reasonable and unprejudiced mind *perfectly innocent*. But he is the leader of the Union League, and they wanted to rake him up, as he had made a severe speech against them and in favor of the radicals the day before. A delegation of colored men came for me twenty miles. I went. I asked for a hearing for Grimes in my presence. It was not granted. I offered to bail him. This offer was rejected. A Rebel drew his revolver on me in the court-house behind my back. Some one more prudent stopped his shooting. I left telling them I would have Grimes out, and the next morning they released him to prevent my having the gratification of doing it, so I was told. Grimes wouldn't promise them to vote for Seymour and Blair, but the next day he raised a company and went to the Raleigh Convention."

Nominally free, the condition of the blacks, in such a state of affairs, must be far worse than it had ever been before.

3. Nominally free, but really enslaved, the Irish people, long before the year (1846) of the great famine, were described by Thackeray as "starving by millions;" and by another high authority as having before them only the choice between "land at any rent on one hand, or starvation on the other." Famine and emigration having since largely reduced their number, and measures of confiscation having transferred a large portion of the soil from Irish to British hands, they now tell us of an increased prosperity of the Irish people; but on studying the real facts of the case we learn, that "at no period has their hold upon the land been so feeble and precarious as now;" that "the control of landlords over their tenants is practically absolute;" that "they can and do make by-laws on their estates which place the tenant for all practical purposes in a state of serfdom;" that "by those rules marriage has been known to be forbidden without license of the agent;" that "tenancy from year

to year is reduced by the contrivance of an annual notice to quit to actual tenancy at will;" and that "in some estates a receipt for rents is never given without a printed notice to quit on the back of it."*

The negro slave of our Southern States, more fortunate than the Irish one, had an actual money value, and of so great amount as to make it highly profitable for his owner to feed, clothe, and house him, to provide medical attendance, to care for his children, and generally to do nearly as well for him as he would for for his horses or his cattle. So absolutely valueless, on the contrary, has been the Irish slave that population has been declared to be "a nuisance," to be abated by means of any and every measure of oppression that could be devised; and when starvation had been followed by pestilence, this latter has been hailed as having, in the providence of God, been sent as a means of relieving the land from the burden of supporting so many useless mouths.

4. Such being Irish freedom, we may now advantageously study the condition of the agricultural population of England with a view to see what there has been and now is the effect of a monopoly of the land such as we have permitted to remain in our Southern States. Doing this, we find that whereas but recently we were told that it was to the south of England we were to look for the greatest agricultural degradation, when we turn our eyes to the Eastern counties we meet with the state of things here described:—

"'The gang system,' as recently exhibited in Parliament, in brief is this: In the Fen districts, covering nearly a million of acres of the richest land in England, Huntingdonshire, Cambridgeshire, Nottinghamshire, Norfolk, Suffolk, and in parts of the counties of Northampton, Bedford, and Rutland, about seven thousand children, from five years of age and upwards, besides persons of both sexes of from fifteen to eighteen years of age—*are employed in gangs numbering from fifteen to twenty laborers in each gang, under a master, and in a condition differing from slavery only because it is infinitely worse.*

"The gang master is almost invariably a dissolute man, who cannot get steady employment as a laborer with any decent farmer. In most instances he actually purchases the labor of the children from poor parents; he sells this labor to farmers, pays the gang what he pleases, and puts the profit in his pocket. For seven or eight months in the year these gangs are driven, often seven or eight miles a day, to farms where they work at planting, weeding, picking, stone-gathering, and like labor, from half-past five in the morning to seven or eight o'clock in the evening. The gang-master is paid by the day or by the acre; and he pays the little children from fourpence to sixpence per day, while the older lads and girls receive from nine to fifteen pence. The master, for driving his hands to the field and for keeping them up to their work, which he does with a stick, makes an estimated profit of a pound sterling, or thereabouts, a week.

"There is testimony to show that hundreds of the younger children are carried home in the arms of the older lads every night. From working breast-high in wet grain many of the children are crippled for life by rheumatism, while others contract the seeds of ague, pleurisy, and consumption. Cases are given where little girls, four years old, have been driven through these long, terrible days of work. *The most pathetic pictures presented by Mr. Wilberforce of colonial slave-driving forty years ago, make the British West Indies seem almost an Arcadia in comparison with the Fen districts in England to-day.*

"This exhibition, shocking as it is, is by no means the most frightful phase of the gang system. The gangs are under no moral restraint whatever. Often-

* Morison. Irish Grievances shortly stated, pp. 33, 35. London, 1868.

times at night both sexes are huddled together in barns, where, among the older boys and girls, the most shameful events naturally follow. Clergymen and other respectable witnesses testified to the Commission of Inquiry that the gang laborers are 'beneath morals.' They have no consciousness of chastity, and do not know the meaning of the word. Medical directors of infirmaries state that gang girls, as young as thirteen years, have been brought to them to be confined. Their language and conduct are so depraved that dozens of parish clergymen, surgeons, and respectable laboring people, declared to the commission that the introduction of any gang labor in any village extinguishes morality." —*Evening Post.*

Turning now to the west of England we find a state of things entirely in harmony with this, as may be seen by all of those who care to study the memoir of Canon Girdlestone, read before the British Association in August last.

The *Edinburgh Review*, just now published, questions the accuracy of some of the Canon's details, but admits that British agricultural laborers have before them no future but that of the slavery of the poor house—a slavery worse than that of our southern negroes in the past.

5. So long as the great Scottish proprietors could sell to the government the blood and bones of their subjects, creating regiments to be officered by sons and nephews, brothers and cousins of their own, everything was done to encourage increase of Highland population. That branch of the slave trade having, however, ceased to exist, and the slave having no longer a money value, people whose forefathers had for centuries occupied millions of acres have, by thousands and tens of thousands, been expelled from their little holdings, under circumstances of atrocity wholly without a parallel. The latest exhibit of these well-known atrocities, is given in the last (October) No. of the *Westminster Review*. The most prominent actors therein are found in the *liberal* families of Stafford and of Sutherland. Their most distinguished advocate is found in the *liberal* Duke of Argyle, so well known as author of the *Reign of Law*, which has passed through so many and so large editions.

6. The British and Irish people above referred to are really enslaved, although the law refuses to permit their being sold as chattels, and although the world is accustomed to speak of them as free. In what then does real freedom consist? Let us see!

Friday, on Crusoe's island, found no competition for the purchase of his services, and was, therefore, glad to sell himself on terms dictated by the man who could, if he would, both clothe and feed him, thus becoming the latter's slave. Had the island contained other Crusoes, their competition would have enabled him to make his selection among them all, exercising thus that power of self-government by which the freeman is distinguished from the wretched slaves above described.

Will you buy? Will you sell? The man who has a commodity, and must sell, is forced to ask the first of these questions; obtaining, for that reason, twenty or thirty per cent. less than what might be regarded as the fair market price. His neighbor, not forced to sell, waits for the second, thereby obtaining more, perhaps, than the ordinary price. Such being the case with commodi-

ties that can be kept on hand waiting for a purchaser, to how much greater extent must it not be so in reference to that labor power which results from the consumption of food, and which *cannot be held over for even a single instant.* The trader takes the market-price for his oranges, great as may be his loss; he stores his iron, waiting for a better market. The farmer sells his peaches on the instant, low as may be the price; but he holds his wheat and potatoes, waiting for an advance. The laborer's commodity being yet more perishable than oranges or peaches, the necessity for its *instant* sale is still more urgent.

The farmer and the merchant having stored their sugar, or their wheat, can obtain advances, to be returned when their commodities are sold. The laborer can obtain no advance upon his present hour, his commodity perishing on the instant of production. It must be at once either sold or wasted.

Further, the merchant may continue to eat, drink, and wear clothing, his stock meanwhile perishing on his hands. The farmer may eat his potatoes, after failing to sell his peaches. The laborer must sell his potential energies, be they what they may, or perish for want of food. In regard to no commodity, therefore, is the effect resulting from the presence or absence of competition so great, as in relation to human force. Two men competing for its purchase, its owner becomes a freeman. Two others, competing for its sale, become enslaved. *The whole question of freedom or slavery for man is, therefore, embraced in that of competition.*"

The more varied the employments, the greater is the tendency towards having the miner, the weaver, the spinner, the mason, and the carpenter, take their places by the side of the farmer; the greater becomes the competition for purchase of labor; the more does the land tend to become divided; the greater is the money value of labor and land; the more perfect is the farmer's independence; the higher is the state of manners and morals; and the more perfect becomes the freedom of the whole people of whatsoever sex or age. In no part of the world is there at this moment so much competition as in New England for the *purchase* of labor, and in none, consequently, are its people so absolutely free. In none claiming in any manner to rank as civilized, has the contrary tendency so much existed as in Ireland. In none, therefore, has there been so universal a competition for the *sale* of labor; the consequences exhibiting themselves in the fact, that the occupant of land is now more than ever before a mere slave, holding his existence at the pleasure of the man who claims to own the land.

7. Thus far our measures of emancipation have resulted in giving to the negro slave just the same amount of freedom that has so long been enjoyed by the Irish slave, to wit, that he may, if he will, marry and beget children; that those children may not forcibly be taken from him; and that, although he may with impunity be shot or otherwise maltreated, he cannot be exchanged by his master against any given quantity of money. Wholly dependent for employment upon the men who own the land his situation is almost precisely that of the great mass of the Irish people, as here described by one of the most distinguished of English authors;—

"In a country in which every one who can find a landlord to accept him can be a farmer, and scarcely any one can be a laborer; where the three only alternatives are the occupation of land, beggary, or famine; where there is nothing to repress competition and everything to inflame it—the treaty between landlord and tenant is not a calm bargain, in which the tenant, having offered what he thinks the land worth to him, cares little whether his offer be accepted; it is a struggle like the struggle to buy bread in a besieged town, or to buy water in an African caravan. It is a struggle in which the landlord is tempted by an extravagant rent; the agent, by fees or by bribes; the person in possession, by a premium to take him to another country; and rivals are scared away by threats or punished by torture, mutilation, or murder. The successful competitor knows that he has engaged to pay a rent which will swallow the surplus, beyond the poorest maintenance for his family, that with his trifling stock he can force the land to produce. He knows that if he fails to pay he must expect ejectment, and that ejectment is beggary."—Senior. *Journals, Conversations, and Essays relating to Ireland, London*, 1868.

To four millions of people similarly situated we have given the right to vote in accordance with the orders of their masters, at the same time giving to those masters the right of representation in Congress for each and every one of them, thereby making a most important addition to the power that to the present time has been so much misused.

What is the use now to be made of the tremendous power thus accumulated in their hands is shown by the recent proceedings in Georgia and Louisiana. A year hence it will be the same elsewhere, and the day is not far distant when, if the national authorities do not interfere, the whole body of the States south of Mason and Dixon's line, with the possible exception of Tennessee, will be found engaged in a new, but peaceful, rebellion that must this time prove entirely successful, controlling Congress and placing in the presidential chair some man whose claim to that high office results from participation in the accursed rebellion so lately crushed.

Clearly seeing that such is likely to be the case, loyal Southern men are crying aloud for immigration, the rebel portion of the population meantime everywhere notifying Northern men that if they would save their lives they must flee the land, and thus preparing for a new rebellion in which they will be most heartily supported by all the rebel sympathizers of Northern States. Just now I have heard of the final expulsion, even from Eastern Tennessee, of a body of Scotchmen who had been sent there with a view to the introduction of the culture of long-wooled sheep.

8. The remedy for all this is to be found in creating competition with the landholders for purchase of negro labor, and thus giving to the slave that freedom which results from power to choose between employers in the field, in the mines, and in the workshop.

Why is it, however, that such competition had not long since existed? For the reason that our legislators have wholly failed to see that throughout the world freedom had come, *not as the result of mere proclamations*, but as a consequence of that diversification in the demand for human service which enables each and every individual to find the employment for which he had been intended, and for which he was most completely fitted. Look where they might they would have seen that slavery existed as a consequence of exclusive dependence on labors of the field. Correction of this, bring-

ing with it freedom for all would have resulted from permanent maintenance of the protective tariff of 1842, as under it both the centre and the south would have been filled with furnaces and factories, thereby trebling the money value of land while greatly elevating the man who worked it. Great properties would gradually have become divided; the little proprietor—the man "whose touch," says Arthur Young, "turns sand into gold"—would long before this have made his appearance on the stage; the harmony of all real and permanent interests would have been hourly becoming more fully recognized; immigration would have attained proportions much greater than any it yet has seen; and the wealth and power of the Union would be thrice greater than now they are.

So rapid under the tariff of 1842 was the growth of Southern manufactures that in 1848 the editor of the *Charleston Mercury*, Mr. Barnwell Rhett, was led to predict that before the lapse of another decade the South would have ceased to export raw cotton. Unfortunately, however, for his prediction the South had just before placed the knife to its own throat by giving us the revenue tariff of 1846 in place of the protective one of 1842. From that hour Southern manufactures declined, with corresponding increase in the growth of that barbarous feeling which found its culmination in the atrocities of the late rebellion.

For the suppression of that rebellion we needed a million of men in arms. For prevention of the one that is now proposed, we need, and that at once, great armies of men and women carrying with them spades and ploughs, spindles and looms, sewing-machines and steam-engines, geographies and Testaments, and all other of the machinery by aid of which the people of the North have been becoming more prosperous and more free. For enabling such armies to move, and for giving them security while employed in carrying into full effect the great work of emancipation, we need that the government should, at the earliest moment, take measures for creating, and for placing in loyal hands, great lines of road by means of which the North and the South, the Northeast and the Southwest, the Northwest and the Southeast, should have between them communications as safe and rapid as those already existing between the shores of the Atlantic and the waters of the Mississippi.

To do this thoroughly and thus to bring the people now occupying the borders of the Hudson, the Delaware, and the Ohio, into direct and rapid communication with those of the Savannah and the Rio Grande, would involve an annual cost, as interest on the amount expended, less than would be required for maintenance of half a dozen regiments of men in arms; and yet, while preventing all future necessity for raising such regiments, it would so add to the productive power of the nation that the growth of wealth would soon be seen to be twice greater than at any former period.

With that growth would come division of the land, always a consequence of improvement in the means of communication and exchange. Freedmen, now wholly dependent upon planters for food and clothing, would find in road makers and furnace men competitors with their recent masters for purchase of their services, and would soon be seen accumulating little capitals by aid of which

they might be enabled to enter upon and improve the little tracts secured to them by the Homestead Laws, and through many of which these roads would run. The already rich would be made richer by means of the increased value given to their properties, the now down-trodden negro race meanwhile becoming from hour to hour more free and independent. Harmony and peace would take the place of existing discord, and the various parts of the Union would become as thoroughly united as already are those of the great German Empire so recently created.

Let it now be understood that men and women who give themselves to the work of Southern development both can and will be sustained by all the powers of the government, and the negro will become really free, while the nation will become as really independent. Let this not be done, and the negro will be re-enslaved; the Union will be split up into fragments, as so recently has been the case with the great empire which now stands in the lead of Europe; and the men who have so nobly carried us through the late rebellion will have to regret that their labors have resulted in leaving the country in a condition far worse than that which had existed when Fort Sumter had been first assailed.

Earnestly hoping that a result very different from this may yet be reached, I remain, Yours, very respectfully and truly,

GEN. U. S. GRANT. HENRY C. CAREY.

PHILADELPHIA, November 9th, 1868.

LETTER THIRD.

DEAR SIR:—

AN eminent foreigner, speaking of our countrymen, characterized them as "the people who soonest forget yesterday," and that nothing could be more accurate is shown by the facts which I propose now to give, as follows:—

The revenue tariff period which followed the close, in 1815, of the great European war, was one of great distress both private and public. Severe financial crises bankrupted banks, merchants, and manufacturers; greatly contracted the market for labor and all its products; so far diminished the money value of property as to place the debtor everywhere in the power of his creditor; caused the transfer of a very large portion of it under the sheriff's hammer; and so far impaired the power of the people to contribute to the revenue that, trivial as were the public expenditures of that period, loans were required for enabling the Treasury to meet the demands upon it. Under the protective tariff of 1828 all was changed, and with a rapidity so great that but few years of its action were required for bringing the country up to a state of prosperity the like of which had never before been known, here or elsewhere; for annihilating the public debt; and for causing our people wholly

to forget the state of almost ruin from which they so recently had been redeemed.

Returning once again, as a consequence of this forgetfulness, to the revenue tariff system, the troubles and distresses of the previous period were reproduced, the whole eight years of its existence presenting a series of contractions and expansions, ending in a state of weakness so extreme that bankruptcy was almost universal; that labor was everywhere seeking in vain for employment; that the public credit was so entirely destroyed that the closing year of that unfortunate period exhibited the disgraceful fact of Commissioners, appointed by the Treasury, wandering throughout Europe and knocking at the door of all its principal banking houses without obtaining the loan of even a single dollar. Public and private distress now compelling a return to the protective system we find almost at once a reproduction of the prosperous days of the period from 1829 to 1835, public and private credit having been restored, and the demand for labor and its products having become greater than at any former period.

Once again, however, do we find our people forgetting that to the protective system had been due the marvellous changes that were then being witnessed, and again returning to that revenue tariff system, to which they had been indebted for the scenes of ruin which had marked the periods from 1817 to 1828, and from 1835 to 1842. California gold now, however, came in aid of free trade theories, and for a brief period our people really believed that protection was a dead issue and could never be again revived. With 1854, however, that delusion passed away, the years that followed, like those of the previous revenue tariff periods, having been marked by enormous expansions and contractions, financial crises, private ruin, and such destruction of the national credit that with the close of Mr. Buchanan's administration we find the treasury unable to obtain the trivial amount which was then required, except on payment of most enormous rates of interest.

Once again do we find the country driven to protection, and the public credit by its means so well established as to enable the treasury with little difficulty to obtain the means of carrying on a war whose annual cost was more than the total public expenditures of half a century, including the war with Great Britain of 1812. Thrice thus, with the tariffs of 1828, 1842, and 1860, has protection redeemed the country from almost ruin. Thrice thus, under the revenue tariffs of 1817, 1835, and 1846, has it been sunk so low that none could be found "so poor as do it reverence." Such having been our experience through half a century it might have been supposed that the question would be regarded now as settled, yet do we find among us men in office and out of office, secretaries and senators, owners of ships and railroads, farmers and laborers, denouncing the system under which at every period of its existence, and most especially in that of the recent war, they had so largely prospered—thereby proving how accurate has been the description of them above referred to, as "the people who soonest forget yesterday."

Such being the case, it seems to me that it might be well to show

what was the actual state of affairs throughout the country in the revenue tariff years immediately preceding the war, and thereby enable railroad owners to study what had been the effect upon their interests that had resulted from the cry of cheap iron; ship owners to see that the decay of their interests had been the necessary result of a system under which internal commerce had been destroyed; laborers to see why it had been that labor had then been so superabundant and so badly paid; farmers to see why it had been that their farms had then been so deeply mortgaged; secretaries to see why it had been that the public credit had then been so nearly annihilated; and all to see why it had been that the pro-slavery power had so largely grown as to have warranted the south in venturing on the late rebellion. To that end, I shall now present two letters written in 1858, and addressed to our then president, Mr. Buchanan, respectfully asking you to remark the predictions that further continuance in the same direction must result in financial and political ruin, and in our being driven from the ocean, all of which we now see to have been so fully realized.*

"Civilized communities—those communities, Mr. President, which have obtained that freedom of domestic intercourse which, as you have seen, we so sorely need—follow the advice of Adam Smith, in exporting their wool, and their corn, in the form of cloth, at little cost for transportation. Thus, France, in 1856, exported silks and cloths, clothing, paper, and articles of furniture, to the extent of $300,000,000; and yet the total weight was short of FIFTY THOUSAND TONS—requiring for its transport but forty ships of moderate size, and the services of perhaps 2000 persons.

"Barbarous, and semi-barbarous countries, on the contrary, export their commodities in their rudest state, at heavy cost for transportation. India sends the constituents of cloth—cotton, rice, and indigo—to exchange, in distant markets, for the cloth itself. Brazil sends raw sugar across the ocean, to exchange for that which has been refined. We send wheat and Indian corn, pork and flour, cotton and rice, fish, lumber, and naval stores, to be exchanged for knives and forks, silks and cottons, paper and China-ware. The total value of these commodities exported in 1856—high as were then the prices—was only $230,000,000; and yet, the American and foreign ships engaged in the work of transport were of the capacity of SIX MILLIONS, EIGHT HUNDRED AND TWENTY-TWO THOUSAND TONS, —requiring for their management no less than 269,000 persons.†

"In the movement of all this property, Mr. President, there is great expense for transportation. Who pays it? Ask the farmer of Iowa, and he will tell you, that he sells for 15 cents—and that, too, payable in the most worthless kind of paper—a bushel of corn that, when received in Manchester, commands a dollar; and that he, in

* These letters form part of a series entitled "Letters to the President of the United States on the Foreign and Domestic Policy of the Union and its Effects as exhibited in the Condition of the People and the State." Phila., 1858.

† This is the total tonnage that arrived from foreign countries, in that year. A small portion was required for the exportation of manufactured commodities, but it was so small as scarcely to require notice.

this manner, gives to the support of railroads and canals, ships and sailors, brokers and traders, *no less than eighty-five per cent. of the intrinsic value of his products.* Ask him once again, and he will tell you that while his bushel of corn will command, in Manchester, 18 or 20 yards of cotton cloth, he is obliged to content himself with little more than a single yard—*eighty-five per cent. of the clothing power of his corn having been taken, on the road*, as his contribution towards the tax imposed upon the country, for the maintenance of the machinery of that "free trade" which, as you, Mr. President, have so clearly seen, is the sort of freedom we do *not*, at present, need.*

"The country that exports the commodity of smallest bulk, is almost wholly freed from the exhausting tax of transportation. At Havre—ships being little needed for the outward voyage, while ships abound—the outward freights must be always very low.

"The community that exports the commodities of greatest bulk, must pay nearly all the cost of transportation. A score of ships being required to carry from our ports the lumber, wheat, or naval stores, the tobacco, or the cotton, required to pay for a single cargo of cloth, the outward freights must always be at, or near, that point which is required to pay for *the double voyage;* and every planter knows, to his cost, how much the price of his cotton is dependent upon the rate of freight.

"In the first of these, Mr. President, employments become from day to day more thoroughly diversified; the various human faculties become more and more developed; the power of combination tends steadily to increase; agriculture becomes more and more a science; the land becomes more productive; the societary movement becomes more stable and regular; and the power to purchase machinery of every kind, whether ships, mills, or the precious metals, tends steadily to augment.

"In the last, the reverse of this is found, the pursuits of men becoming less diversified; the demand for human faculty becoming more and more limited to that for mere brute force, or for the craft by which the savage is so much distinguished; the power of association tending to decline; agriculture becoming less and less a science, and the land becoming more and more exhausted; the societary movement acquiring, more and more, the fitfulness and irregularity of movement you have so well described as existing among ourselves; and the power to obtain machinery of any kind tending steadily to diminish.

"The first of these, Mr. President, may be found in the countries of Central and Northern Europe—those which follow in the lead of Colbert and of France. All of these are gradually emancipating themselves from the most oppressive of all taxes, the tax of transportation. All of them, therefore, are moving in the direction of growing wealth and power, with correspondent advance in civilization and in freedom.

"The last may be found in Ireland, India, Jamaica, Portugal,

* "Thirty-one independent States enjoying a thousand advantages and carrying on a mutual free trade with each other. *That* is the 'free trade' that we really want."—Buchanan.

Turkey, and these United States—the countries which follow in the lead of England. All of these, are becoming more and more subjected to the tax of transportation. All of them, therefore, are declining in wealth and power, in civilization, and in freedom.

"In the first, the land yields more and more with each successive year—with constant increase in the power of a bushel of wheat, or a pound of wool, to purchase money. In the last, the land yields less from year to year, with constant tendency to decline in the price of food and cotton. The first import the precious metals. The last, export them. The first, find daily increase of power to maintain a specie circulation, as the basis of the higher and better currency supplied by banks. The last, are gradually losing the power to command a circulation of any kind, and tending more and more towards that barbaric system of commerce which consists in exchanging labor against food, or wool and corn against cloth.

"We may be told, however, Mr. President, that in return for the eighty-five per cent. of his products that, as we see, is paid by the farmer of Iowa, and by the Texan planter, we are obtaining a magnificent system of railroads—that our mercantile marine is rapidly increasing—that, by its means, we are to secure the command of the commerce of the world, &c. &c. How far all this is so, we may now inquire. To me, it certainly appears, that if this be really the road to wealth and power it would be well to require the exportation of wheat instead of flour, paddy in place of rice, cotton in the seed, corn in the ear, and lumber in the shape of logs, rather than in that of furniture.

"Looking, first, to our internal commerce, we find a mass of roads, most of which have been constructed by help of bonds bearing interest at the rate of 6, 8, or 10 per cent.—bonds that have been disposed of, in the market, at 60, 70, or 80 per cent. of their nominal value, and could not now, probably, be re-sold at more than half the price at which they orginally had been bought. Half made, and little likely ever to be completed, these roads are worked at great expense, while requiring constant and great repairs. As a consequence of this it is, that the original proprietors have almost wholly disappeared, the stock being of little worth. The total amount applied to the creation of railroads having been about $1,000,000,000, and the average present money value scarcely exceeding 40, if even 30, per cent., it follows that $600,000,000 have been sunk, and with them all power to make new roads. Never, at any period of our history, have we been, in this respect, so utterly helpless as at present. Nevertheless, the policy of the central government looks steadily to the dispersion of our people, to the occupation of new territories, to the creation of new States, and to the production of a necessity for further roads. *That, Mr. President, is the road to physical and moral decline, and political death, as will soon be proved, unless we change our course.*

"The railroad interest being in a state of utter ruin, we may now turn to the shipping one, with a view to see how far we are likely, by its aid, to obtain that command of the commerce of the world so surely promised to us by the author of the tariff of '46.

Should that prove to be moving in the same direction, the fact will certainly afford new and stronger proof of the perfect accuracy of your own views, Mr. President, as to the sort of freedom we so much require.

"In a state of barbarism, person and property being insecure, the rate of insurance is high. Passing thence towards civilization, security increases, and the rate of insurance declines, as we see it to be so rapidly doing, in reference to fire, in all the advancing countries of Europe. Our course, in reference to shipping, being in the opposite direction—security diminishing, when it should increase—the rate of insurance steadily advances, as here is shown:—

Rates of Insurance upon American Ships.

	1846.	1858.
To Cuba	1¼ per cent.	1½ to 2 per cent.
"Liverpool	1¼ "	1½ to 2 "
"India and China	1¾ "	2½ "
To and from Liverpool, on packet-ships, annual rates	5 "	8 "

"To what causes, Mr. President, are we to attribute this extraordinary change? May it not be found in the fact, that the more we abandon domestic commerce, and the larger the amount of taxation imposed upon our farmers for the maintenance of transporters, the greater becomes the recklessness of those who gain their living out of that taxation? Look back to the last free trade period—that from 1837 to 1841—and you will find phenomena corresponding precisely with those which are now exhibited, although not so great in magnitude. At present, the utter recklessness—the total absence of conscientious feeling—here exhibited, is such as to astonish the thinking men of Europe. Railroad accidents have become so numerous as scarcely to attract even the momentary attention of the reader, and the loss of life becomes greater from year to year. Steamers are exposed to the storms of the lakes that are scarcely fit to navigate our rivers Ships that are unfit for carrying insurable merchandise, are employed in the carriage of unfortunate passengers, they being the only commodity for whose safe delivery the ship-owner cannot be made responsible. Week after week the records of our own and foreign courts furnish new evidence of decline in the feeling of responsibility which, thirty years since, characterized the owners of American ships, and the men therein employed.

"Look where we may, Mr. President, on the sea or on the land, evidences of demoralization must meet our view. 'Stores and dwellings'—and here I give the words of a New York journal—'are constructed of such wretched materials as scarcely to be able to sustain their own weight, and with apologies for walls which tumble to the ground, after being exposed to a rain of a few hours' duration, or to a wind which possesses sufficient force to set the dust of the highways in motion. Entire blocks of edifices are put up, with the joists of all so connected with each other, as to form a complete train for the speedy communication of fire from one to another. Joists are built into flues, so that the ends are exposed

to becoming first heated, and then ignited by a flying spark. Rows of dwellings and warehouses are frequently covered with a single roof, which has not, in its whole extent of combustible material, a parapet wall, or other contrivance, to prevent the spread of the flames in the event of a conflagration.'

"The feeling of responsibility, Mr. President, grows with the growth of real civilization. It declines with the growth of that mock civilization, but real barbarism, which has its origin in the growing necessity for ships, wagons, and other machinery of transportation. The policy of the central government tends steadily towards its augmentation, and hence it is that American shipping so steadily declines in character, and in the proportions which it bears to that of the foreigners with whom we are required .to place ourselves in competition.

"Two years since, we were told, that our shipping already exceeded 5,000,000 tons; that we had become the great maritime power of the world; and, of course, that this great fact was to be received as evidence of growing wealth and power. Last year, however, exhibited it as standing at only 4,871,000 tons, and future years are likely to show a large decrease—ships having become most unprofitable. More than four-fifths of the products of Western farms and Southwestern plantations, are, as we have seen, taken for the support of railroads and ships; and yet, the roads are bankrupt, while the ships have done little more, for some years past, than ruin the men who owned them. Such being the case, it seems little likely, that it is by means of sailing ships we are to acquire that control of the commerce of the world, so confidently promised when, in 1846, we were led to abandon the policy which looked to the creation of a domestic commerce as the true foundation of a great foreign one. What are the prospects in regard to that higher description of navigation which invokes the aid of steam, will be shown in another letter."

That letter will be given in my next, and, meanwhile, I remain with great respect,

Yours very truly,

GEN. U. S. GRANT. HENRY C. CAREY.

PHILADELPHIA, December 10, 1868.

LETTER FOURTH.

DEAR SIR:—

Steam is rapidly superseding sails, and the day is fast approaching when the latter will almost entirely have disappeared from the ocean; yet are we at this moment nowhere in the race. The time has been when we built ships for carriage of the produce of other lands, but the day has now arrived when we are almost wholly dependent on British and German steamers for commerce with the world, and for carriage of our own. Why this is so can, I think,

be readily understood by all who care to study the state of things that existed ten years since, the date at which the following letter —being the second of those referred to in my last—was addressed to President Buchanan:—

"Every improvement in the construction of a ship tends to lessen the proportion borne by her tonnage, to the weight of the commodities to be moved. Every improvement in the quality of the commodities moved, tends to augment the proportions borne by the money value transported, to the tonnage of the ships required for its transportion. Here, Mr. President, is a simple principle by aid of which we may, perhaps, be enabled to arrive at some conclusion in reference to the tendency of our present policy—progress towards civilization having, everywhere, manifested itself in a diminution in the proportions borne by the machinery of transportation, to the value of the things transported.

"In the first year which followed adoption of the Compromise revenue tariff, that of 1834–5, we sent abroad, cotton and tobacco, food and lumber, to the amount of $92,000,000; and in that year, the shipping, domestic and foreign, that cleared for foreign ports, amounted to 2,030,000 tons. Six years later, in 1840–41, when the strictly revenue provision of that tariff had but begun to operate, we exported, of the same rude products, $98,000,000—the quantity of shipping clearing from our ports having, in the same period, risen to 2,353,000 tons. Two years since, after ten years experience of the revenue tariffs of 1846 and 1857, the total value of those exports was $230,000,000, while the quantity of shipping leaving for foreign ports amounted to little less than seven millions of tons—the increase in the former, in twenty-years, having been but 150 per cent., while that of the latter had been but little short of 350 per cent.

"If there is, Mr. President, any single proposition in social science that cannot be disputed it is *that wealth, civilization, and power, increase in the ratio of the diminution of the machinery required for performing the work of transportation.* On the turnpike, a single horse performs the work that before had been done by two; and, on the railroad, a single car transports as great a weight as, at first, had been done by hundreds of horses and men, carts and wagons. With every movement in that direction, land acquires money value, and man becomes more free. With each and every one in the opposite direction, the value of land declines, and man becomes more and more enslaved.

"The first and heaviest tax, Mr. President, to be paid by land and labor is that of transportation; and it is the only one, to which the claims of the State itself are forced to yield precedence. Increasing in geometrical proportion as the distance from market increases arithmetically, therefore it is, that agreeably to tables recently published, corn that would produce at market $24.75 per ton, is worth nothing at a distance of only a hundred and sixty miles, when the communication is by means of the ordinary wagon road—the cost of transportation being equal to the selling price. By railroad, under ordinary circumstances, that cost is but $2.40—leaving to the farmer $22.35, as the amount of tax saved to him by

the construction of the road; and if we now take the product of an acre of land as averaging but a ton, the saving is equal to interest, at 6 per cent., on $370 an acre. Assuming the product of an acre of wheat to be twenty bushels, the saving is equal to the interest on $200; but, if we take the more bulky products—hay, potatoes, and turnips, it will be found to amount to thrice that sum. Hence it is, that an acre of land, near London, sells for thousands of dollars, while one of equal quality may be purchased in Iowa, or Wisconsin, for little more than a single dollar. The owner of the first enjoys the vast advantage of the endless circulation of its products—taking from it several crops in the year and returning to it at once, a quantity of manure equal to all he had abstracted; and thus improving his land from year to year. He is *making* a machine; whereas, his western competitor, forced to lose the manure, is *destroying* one. Having no transportation to pay, the former can raise those things of which the earth yields largely—as potatoes, carrots, or turnips; or those whose delicate character forbids that they should be carried to distant markets; and thus does he obtain a large reward for that continuous application of his faculties, and of his land, which results from the power of combination with his fellow-men.

"In the case of the latter, all is widely different. Having heavy transportation to pay, he cannot raise potatoes, turnips, or hay, because of them the earth yields by tons; as a consequence of which, they would be almost, even when not wholly, absorbed on the road to market. He may raise wheat, of which the earth yields by bushels; or cotton, of which it yields by pounds; but if he raise even Indian corn, he must manufacture it into pork before the cost of transportation can be so far diminished as to enable him to obtain a proper reward for labor. Rotation of crops being therefore a thing unknown to him, there can be no continuity of action in either himself or his land. His corn occupies the latter but a part of the year, while the necessity for renovating the soil, by means of fallows, causes a large portion of his farm to remain altogether idle—although the cost of maintaining roads and fences is precisely the same as if every acre were fully occupied.

"His time, too, being required only for certain portions of the year, much of it is altogether lost, as is that of his wagon and horses, the consumption of which latter is just as great as if they were always at work. He and they are in the condition of steam-engines constantly fed with fuel, while the engineer as regularly wastes the steam that is produced, a proceeding involving heavy loss of capital. Further stoppages of employment, both for his land and for himself, resulting from changes in the weather, are consequent upon this limitation in the variety of things that may be cultivated. His crop, perhaps, requires rain that does not come, and his corn, or cotton, perishes of drought. Once grown, it requires light and heat, but in their place come clouds and rain; and it and he are nearly ruined. The farmer near London, or Paris, is in the condition of an underwriter who has a thousand risks, some of which are maturing every day; whereas, the distant one is in that of a man who has risked his whole fortune on a single ship. Having

made the voyage she arrives at the entrance of her destined port, when striking on a rock, she is lost, and her owner is ruined. Precisely such is the condition of the farmer who, having all at risk on his single crop, sees it destroyed by blight, or mildew, almost at the moment when he had expected to make his harvest. With isolated men, all pursuits are extra-hazardous. As they are enabled to approach each other and combine their efforts, the risks diminish, until they almost altogether disappear. Combination of action thus makes of society a general insurance office by help of which, each and all of its members are enabled to secure themselves against almost every imaginable risk.

"Great, however, Mr. President, as are these differences, they sink almost into insignificance compared with that which exists in reference to maintenance of the powers of the land. The farmer distant from market is always selling the soil, which constitutes his capital; whereas, the one near London not only returns to his land the refuse of its products, but adds thereto the manure resulting from consumption of the vast amount of wheat brought from Russia and America—of cotton brought from Carolina and India—of sugar, coffee, rice, and other commodities yielded by the tropics — of lumber and of wool, the products of Canada and Australia—not only maintaining the powers of his land, but increasing them from year to year.

"The more perfect the power of combination, the greater is the yield of the land; the higher are the prices of the rude products of the soil; the smaller is the bulk of the commodities to be transported; and the larger are the proportions borne by their value to the machinery required for their transportation. That, Mr. President, is the road towards civilization; but it is, also, the very opposite of the road that we ourselves are travelling, *the quantity of machinery required for the work of transportation increasing with a rapidity far greater than that which marks the growth of money values.* This latter being the certain road towards barbarism, we need look but little further for the causes of the decline in morals, wealth, and power, now so rapidly in progress throughout the Union.

"Power to command the use of improved machinery grows with the growth in money value of the things requiring to be transported, the farmer, whose proximity to the mill enables him to send his grain to market in the form of flour being far more able to contribute to the improvement of roads, than his fellow-farmer who is forced to send it in that of wheat. It diminishes as the things to be transported decline in value, and hence the weakness of countries like Portugal, Turkey, and India, that are becoming more and more dependent on distant markets. It diminishes with us, *and hence it is that our dependence on foreign countries, even for efficient means of transportation, so rapidly increases.*

"More than twenty years have now elapsed since the arrival of the *Great Western* steamer, and the establishment of the fact that we might avail ourselves of the power of steam for passage of the broad Atlantic. For nearly all that time we have been struggling to obtain steam communication, by means of American ships, with

Europe, the government aiding in the effort to the extent of many millions. What, however, has been the result of all our efforts? Ship after ship has been lost, until confidence in American steamers has almost disappeared, and with it the lines of steamers. The Collins line, as it still is called, now dispatches a single ship per month, and that, too, chiefly owned in Europe. The Havre line dispatches a monthly ship. The Bremen line has wholly disappeared. Mr. Vanderbilt has yet three ships engaged in the European trade, but the recent accident to one of them can scarcely fail to be felt injuriously by all, annihilating the little confidence that previously had existed. *The day is fast approaching, Mr. President, when no single steamer carrying the American flag will float upon the ocean, except government ships, and the very few private ones engaged in the coasting trade, in which foreign competition is wholly interdicted.* Such being the facts, and such the prospects, is it probable that we shall long maintain that superiority on the ocean which so certainly existed at the time when the general government entered upon the career of centralization? It would seem not. Beaten in agriculture, and beaten in manufactures, we are likely to be even yet more thoroughly distanced in regard to ships; and for the reason that our policy tends steadily towards lessening the value of the commodities seeking to be transported.

"The French policy—looking, as it does, to the emancipation of land and labor from the tax of transportation—is directly the reverse of ours. We tax ourselves for maintenance of the millions of tons of shipping required for transport of merchandise to be given to France, in exchange for millions upon millions of tons of food and other commodities, so reduced in bulk that their weight, in tons, is counted by thousands. Freed by that reduction *from all the cost of transportation*, France is enabled to invoke the aid of steam, and to such extent, too, that the arrivals of her own steamers, in her own ports, amounted in 1856 to no less than 8000 tons per week, and more than four hundred thousand in the year.

"France, Mr. President, is carrying out your own most excellent views in regard to commercial policy—laying a broad foundation of domestic commerce, as a means of obtaining the largest power of intercourse with the outer world. We, on the contrary, are destroying the domestic commerce, in the vain hope of thereby building up a great foreign one. Why have we no steamers running to Rio, to Buenos Ayres, to Montevideo, to Valparaiso, to Lima, or Australia? Because we have little to sell, except those rude products which the people of Brazil or Chili cannot use, and do not need to buy. Before they can do so those commodities must pass through the looms of Manchester or Mulhausen, and hence it is that nearly all our intercourse with the world is burthened with costs of transportation so enormous that our farmers are generally poor, although themselves owners of the land. In search of trade we fit out expeditions against Japan, involve ourselves in disputes with Paraguay and Buenos Ayres, explore African and South American rivers, and maintain an enormous diplomatic establishment throughout this continent; and yet have scarcely anything to sell, except to the people of France and England.

"What we need, Mr. President, is that real free trade which consists in maintaining direct intercourse with the world at large; but that we cannot have so long as we shall continue to export our commodities in their rudest state. The farmer who has but one mill at which to grind his grain has no freedom of trade. The miller and the baker have it, they being free to sell to whom they please. Our farmers and planters have none of it, being compelled to send their products to the distant mills before they and their neighbors can make exchanges, even among themselves. They need, as you so well have seen, that real free trade which would enable the planter of Mississippi to exchange with the farmer of Illinois, receiving cloth, lead, and iron in exchange for sugar and cotton. *That*, as you so well have said, is the free trade we want. That we may have it, we must diversify the employments of our people; we must enable them to combine their efforts; we must *relieve our farmers from a tax of transportation greater than is required for maintaining, ten times over, all the armies of Europe;* we must enable ourselves to pay our debts to the land, and thus obtain a real agriculture, in place of the system of spoliation that now exists; we must establish a balance of trade in our favor, enabling us to retain the precious metals and to maintain the real specie currency that you so much desire to see established. Those things done, we shall be able to command the use of machinery of exchange of the highest order—fleets of steamers taking the place of sailing ships, and the use of money becoming obtainable without the payment of a higher interest than is paid in any other country of the world claiming to be held as civilized. Such, Mr. President, is the real road to wealth and power; but, as you have seen, all our movements are in the reverse direction."

Forty years since the now great Germanic Empire owned less than a thousand ships. Two years since the number had already more than tenfold increased, and the day seems near at hand when it will again be greatly increased by the inclusion of Holland within the limits of that wonderfully growing Empire. Occupying now the first place on the land of Europe, it is being rapidly prepared for occupying one almost as distinguished on the ocean; and for thus perfecting a change of position wholly without parallel in the annals of the world, to have been accomplished in so brief a period.

To what, then, has all this been due? To the simple fact that enlightened German men have looked to the creation of a great domestic commerce as foundation on which to build a great foreign one, exchanging with the world at large cloth and paper instead of, as formerly, sending wheat, rags, and wool to the limited market of England. Then, the whole cost of transportation was borne by poor and wretched German farmers. Now, it is borne by those American and Australian farmers to whom Germany sends cloth and paper to be exchanged for wool and cotton.

Germany can now have that real free trade which results from finishing commodities and sending them, so finished, to all the ports of the civilized and barbaric world. We, on the contrary,

have had that British free trade which has required that our farmers and planters should make nearly all their exchanges with the outer world in the single and diminutive market of England. They have sought the establishment of industrial independence, while we have sought a perpetuation of that industrial dependence in the face of which there can be no freedom for either man or nation.

Let me now pray you, my dear sir, to study the Reports on Commerce and Navigation, and to mark the fact that, while cotton stands alone in quantity, oil stands almost alone in the fact that we send it abroad fit for use. Turn next to the oil column, and see that with regard to it, and it almost alone, we have that real free trade which results from power to make direct exchanges, sending it to every part of the civilized world. Turn next to the cotton column, and see that it gives us little or no commerce except with England, France, and Germany, a score or two of ships being fully able to transport all that goes to other countries.

Germany has been building a true pyramid, of which a real agriculture was to be the basis and a foreign trade the apex. We have been building an inverted one, subjecting our farmers and planters to a tax of transportation so oppressive that the top-heavy edifice at length toppled over and came near burying all under the ruins.

So long as we shall insist upon limiting ourselves to the export of raw produce—the proper work of a semi-barbarous population—our exchanges must continue to be mainly made with those European countries which have already possessed themselves of steam navigation; and so long must we continue in our present state of helpless dependence. Whenever we shall have determined to export cloth instead of cotton, iron in place of corn, and machinery in the place of tobacco; whenever we shall have made ourselves industrially independent; then, and not until then, shall we regain that place on the ocean which we had occupied in the days when the now powerful Germany was a collection of scraps and fragments of territory, controlled in turn by France and England, Austria, or Russia.

To the development of her internal resources was England indebted for that control of the ocean which warranted her in saying that "not a sail but by permission spreads." So long as she held it there was there but little peace. Desiring now to enable our people peacefully and freely to communicate with the whole outer world, we shall find that the road by which we are to move in that direction leads through the establishment of such perfect protection as will enable us fully to develop the wonderful mineral resources by which, more than by anything else, our Union is distinguished from all other countries of the world. How that protection is to affect our growth in numbers I propose to show in another letter, meanwhile remaining, very respectfully, yours,

HENRY C. CAREY.

Gen. U. S. Grant.

Philadelphia, Dec. 10, 1868.

LETTER FIFTH.

DEAR SIR:—

That peace may prevail throughout the States recently in rebellion, and that harmony may be established among the various portions of the Union, it is indispensable that throughout the South and Southwest employments be diversified; that the habit of association and combination for useful purposes be enabled to arise; that mines be opened and furnaces built; that the wonderful natural resources of the country lying between the Potomac and the Rio Grande be developed; that the market be brought home to the farmers and planters of that great region of country; that between the various portions of the Union there be provided means of cheap and rapid intercourse; and, finally, that we establish among ourselves that great internal commerce to which Germany, as has been shown, stands now indebted for the commanding position she so speedily, by aid of the protective policy, has taken among the nations of the world.

That to such development it is we are to look for peace is from hour to hour becoming more clearly obvious to the people of the Southern States, and hence it is that each successive day brings with it new evidence of their anxious desire for promotion of immigration. West and Northwest, however, we find competition therein with the South and Southwest, millions upon millions of acres, capable of contributing on the largest scale to the comfort and happiness of our people, lying there wholly idle, even in states that have already long been represented in the councils of the Union. To meet all these demands we need to import *that only commodity which Europe stands prepared to give to us without demanding gold in payment—those only machines that increase in number and power the more they are usefully employed*—MEN, WOMEN, AND CHILDREN. What, however, are the circumstances under which such machines, more valuable than any engines, are most led to find a market among us for their service? Let us see!

Prior to the establishment of the first really protective tariff, that of 1828, immigration had been altogether insignificant, that of the whole decade ending in 1829 having given us little more than 100,000 persons. So soon, however, as that tariff had commenced to take effect immigration began to rise, and so strong and rapid was its growth that four years later it had already reached the extraordinary figure of 65,000, that large number of persons having been attracted by the great demand for labor which protection had created. Protection having been then abandoned, we find immigration to have become unsteady and irregular, the mean number for the decade ending in 1844 having been but 70,000. No sooner, however, had the tariff of 1842 become fairly active than we find the effect of protection exhibiting itself in the rapid rise of

immigration from 74,000 in 1844, to no less than 234,000 in 1847—thus furnishing proof conclusive of rapid increase in the demand for, and compensation of, all human service. Under the revenue tariff of 1840–41 two men had everywhere been seeking employment at the hands of one employer. Under that of 1842 all had changed, employers having everywere been compelled to seek for labor, and liberally to pay for the service needed to be rendered.

The discovery of California gold deposits furnished a new variety of employment with large, but temporary, increase in the power to pay for labor, and under that stimulus immigration continued to increase until, in 1854, it passed beyond 400,000. Thenceforward, however, under the unhappy influence of the revenue tariffs of 1846 and 1857, it rapidly declined until in 1860–61 it had fallen to 112,000, or little more than its amount twenty years before. British free trade now gave us rebellion with further decline of immigration, which stood in 1861–2 at less than 70,000. Secession, however, gave, and most happily gave, to the loyal States the power of self-protection, and now we find the effect of the protective tariff of 1861 in the following figures exhibiting the number of persons who in the succeeding years were hither led to seek a market for their labor, to wit:—

1862–3	139,170
1863–4	193,754
1864–5	180,679
1865–6	330,725
1866–7	311,994

Extraordinary as is the growth here exhibited, it is far from presenting the entire truth, the number of persons who have transferred themselves from the unprotected British colonies to our protected States having been so large that were it added to the figures shown above, the total for the last three years would probably exceed a million.

The production of that million of people had cost the States of Europe at least A THOUSAND MILLIONS OF DOLLARS, yet did they furnish them in free gift to our Union. Had they given as much in engines, or other machinery, it would have been regarded as a wonderful addition to the wealth of the country; and yet, engines wear out with use, whereas men and women double and quadruple themselves, the quantity of such machinery increasing more rapidly in almost the exact proportion in which their services are made available to the purposes of the nation.

2. By aid of the protective tariff of 1842 immigration, as we see, more than trebled itself in the short period from 1844 to 1847, having been carried up from 74,000 to 234,000. Had that tariff been maintained, and had we continued to mine our own coal, smelt our own ores, and to make our own lead, copper, and iron, it would, with the aid of California gold discoveries, have been carried beyond half a million, and it would have since stood there, at the least, *giving with the natural increase a population ten millions greater than we have at present.* Forgetting, however, as they have always done, the troubles from which they had so recently been redeemed, our people had twice again repudiated

protection, and had thus reduced immigration, in the whole period of Mr. Buchanan's administration, to an average of 134,000, or little more than half a million in all. The revenue tariff policy of Mr. Walker and his friends then gave us a rebellion that has cost us, white and black, so great a destruction of life that more than all the immigration of Mr. Lincoln's period of presidential life was required to make amends for it.

Of all the legislative acts on record there is scarcely one that has worked an amount of injury so large as that which has resulted from the repeal of the tariff of 1842, forced upon the country by Mr. Walker and his friends. But for them our population would be now, at the least, one-fourth greater than it is at present, and our wealth more than twice as great! But for them, we should long since have achieved a perfect industrial, financial, and political independence! But for them iron would be so cheap that we should be consuming millions of tons, while exporting it to half the world!* But for them we should have had no civil war! But for them the slave would have been gradually becoming free, while his master would have been becoming rich! But for them harmony would now prevail throughout the Union, and the stars and stripes at this moment be floating over the largest mercantile marine the world had ever seen! But for them the demand on Europe for men, women, and children, to take part in the great work of developing our wonderful resources, would be now so great that capital would be everywhere seeking labor, while labor would be everywhere dictating to capital the terms on which it could be allowed to have its aid. That protection and freedom travel hand in hand together is proved by all the facts of our history, and the man who strikes at the former cannot claim to be otherwise than an enemy to the latter.

3. In accordance with the habit of the time, my dear sir, I have spoken of protective tariffs on one hand, and revenue tariffs on the other; and yet, when you shall have studied the facts which will now be given, you will, as I think, find yourself convinced that *the real revenue tariff is a protective one*, the free trade tariff, so called, being the one that so far depletes the treasury as naturally to bring about the state of weakness and of bankruptcy which now exists in each and all of the communities of the world that have found themselves unable or unwilling to defend themselves against the British free trade system.

In the four years by which the passage of the semi-protective tariff of 1824 had been preceded the customs revenue averaged but $16,000,000, and trivial as were the expenditures of that period, they so far exceeded the revenue as to make it necessary to borrow $10,000,000 in 1824 and 1825. In the four years 1826–29, with only semi-protection, the customs revenue rose to $22,000,000, and the necessity for borrowing wholly passed away. Under the really protective tariff of 1828 it rose to $26,000,000, and the public debt was then extinguished. The revenue tariff, so called, of 1840–42

* Of railroad iron alone our import in the present year will exceed 270,000 tons, and yet we have here such beds of coal and ore as are found in no other part of the civilized world.

gave but $15,000,000, and the treasury became literally bankrupt—money and credit having wholly disappeared. The protective tariff of 1842 gave $26,000,000 a year, and we found then no difficulty in raising all the money required for making the war with Mexico which terminated in the acquisition of California. Under the revenue tariff of 1857, with fifty per cent. more of population than had existed in the period of the tariff of 1842, we obtained but $47,000,000, notwithstanding the wonderful addition to our resources resulting from discovery of California gold and Nevada silver.

Comparing now the protective tariff of 1828 with the revenue one of 1857, we find that notwithstanding the introduction of the railroad and the discovery of California treasures, the custom revenues had little more than doubled, while the population had more than a hundred and fifty per cent. increased. Comparing, again, the product of the free trade tariff of 1857 with the protective one of the last three years, we find that, although the population had grown but 25 per cent., the customs revenue had more than trebled. Such being the facts, the truth of the following propositions would seem to be now entirely established:—

First, That the more perfect the protection to domestic industry and the larger our strides toward industrial and political independence, the greater is the power of our people to contribute to the customs revenue:

Second, That the more domestic commerce is left unprotected, and the greater our industrial dependence, the smaller must be the customs revenue, and the greater the tendency toward bankruptcy of the people and the States.

Third, That the true road to freedom for man, to wealth, power and independence for the nation, lies through the pursuit of a policy which looks to the establishment of a great domestic commerce as the basis of a commerce with the outside world far greater than any we yet have known.

In face of all these facts, however, we are told, my dear sir, and by men claiming to be regarded as friends of freedom, that "from protection to serfdom there is but a single step, and that but one other is required to carry us on from serfdom to slavery. These three," as we are further assured, "are but links in the chain by means of which controlling spirits are enabled to confiscate, for their own proper benefit, the time, the forces, the labor, the capital, the liberty, and the rights of the great masses of their thus subjugated countrymen." Such being the views that, in a great variety of forms, are put forth daily by those who believe that, despite our recent unhappy experience, we should once again resume that course of action to which we stand indebted for all the losses of property and life inflicted by the late rebellion, it seems to me that it might be right and proper for you to ask of them to furnish answers to questions like the following, to wit:—

Why is it that, if protection be really adverse to freedom and to the general prosperity of our people, immigration always grows with such rapidity when protection is most complete?

Why is it that, if British free trade is really favorable to freedom,

men who previously had come among us with intent to stay, have always then so largely re-emigrated to Europe?

Why it has been that in the last few years hundreds of thousands of Canadians have abandoned their free trade country, and have preferred to settle in these benighted and protected States?

Why it is that of the emigrants who arrive at Quebec and Montreal, and who have the choice between free trade on the one hand and protection on the other, nearly all prefer to take the latter, selecting homes in our Western States?

Why it is that Nova Scotia and New Brunswick are almost in a state of rebellion, because of their feeling of the absolute necessity for a closer connection with these protected States?

Why is it that nearly the whole population of Ireland would desire to fly from British freedom of trade and seek for homes in this now partially protected country?

Why is it that British emigration to Australia diminishes, and that to us increases, almost precisely as our protective policy is made more and more complete?*

Why is it that Australia, after a most severe political contest, has just now elected a protectionist parliament?

Why is it that when we build furnaces and open mines railroads are always profitable to their owners, and capital is easily obtained for the construction of new lines of road?

Why is it that when mines and furnaces are abandoned, railroad property so far declines that it becomes impossible to obtain the means for building further roads?

Why is it that financial crises, resulting in the ruin of trade, are the *never failing* accompaniments of the British free trade policy?

Why is it that such crises *never* occur in periods of protection?

Why is it that the deposits in our saving funds increase in times of protection, and diminish in those of British free trade?

Why is it that sheriff's sales are so numerous in British free trade times, and so few in number in those of protection?

Why is it the revenue tariff periods always end in almost total failure of public revenues and almost total bankruptcy of the treasury?

Why is it that protective tariffs are so favorable to increase of public revenue, and to reduction of the public debt?

Why is it that a protective tariff now produces annually nearly as much revenue as was obtained by aid of a merely revenue one in the whole period of Mr. Buchanan's administration?

Why is it that the Republican party—the party of liberty, of

		To Australia.	To the United States.
*	1861	23,728	49,764
	1862	41,843†	58,706
	1863	53,054†	146,815
	1864	40,942†	147,042
	1865	37,282†	147,258
	1866	24,097	161,000
	1867	14,466	159,274

† In these years emigration was unnaturally stimulated by temporary increase of demand for Australian wool, consequent on failure in the supply of American cotton.

equal rights, of intelligence, and of sound morals—is so generally favorable to the protective policy?

Why is it that British free trade doctrines are so universally popular among men who believe in the divine origin of slavery—among sympathizers in the late rebellion—among foreign agents—among ignorant foreigners—and among the dangerous classes throughout the Union?

Why is it that, now that the South diversifies its industry by raising its own food, it obtains as much for 2,000,000 bales of cotton as before it had received for 4,000,000?

Why is it that when the refining of our oil, and fitting it for consumption, gives us now almost our only real free trade, the same results would not be obtained, and, on a much larger scale, by finishing our cotton and fitting it also for consumption?

Why is it that Belgium, the most prosperous little country in Europe, so earnestly adheres to protection?

Why is it that Russia, after a ten years' trial of British free trade, exhibits herself as a constant borrower throughout western Europe?

Why is it that Sweden is now in a state of so great suffering, after nearly a decade of British free trade?

Why is it that France, in making her last treaty with England, established a tariff more intelligently protective than our own?

Why is it that the maker of that treaty, Mons. Chevalier, had been led to tell his countrymen that—

"Every nation owes it to itself to seek the establishment of diversification in the pursuits of its people, as Germany and England have already done in regard to cottons and woollens, and as France herself has done in reference to so many and so widely-different kinds of manufacturing industry. Within these limits," as he further says, "it is not an abuse of power on the part of the Government; on the contrary, *it is the accomplishment of a positive duty so to act at each epoch in the progress of a nation, as to favor the taking possession of all the branches of industry whose acquisition is authorized by the nature of things.* Governments are, in effect, the personification of nations, and *it is required that they should exercise their influence in the direction indicated by the general interest, properly studied, and fully appreciated.*"

Why is it that Germany, the country that has most persistently carried into effect the policy thus recommended, now stands in the lead of Europe, although so recently a mere collection of loose fragments, ready to be moved about in whatsoever direction might be most agreeable to France or England at one moment, Russia or Austria at another?

Why is it that British policy, that policy whose imitation is urged upon us by all the advocates of that revenue tariff system which has so invariably resulted in destruction of the revenue, has so entirely crushed out of existence the whole race of those small British proprietors, "whose touch" according to Arthur Young, "turned sand into gold?"

Why is it that the British agricultural laborer has, by means of that policy, been reduced to a condition so nearly akin to slavery as to have before him no future but the poor house?

Why is it that all the countries of the earth which find themselves compelled to submit to the, so called, free trade policy now

urged upon the world by British traders, are this day in little better than a state of ruin?

You have said, my dear sir, Let us have peace! Peace comes everywhere with general demand for labor; with good wages; with large demand for products of the farm, the furnace, the factory, and the plantation; and all these come with protection. Let us have protection, and let that protection be so definitively adopted as to give to all a perfect confidence in its continued maintenance, and all your wishes for the establishment and perpetuation of peace will be fully realized.

Greatly hoping that such may prove to be the case, I remain, very truly and respectfully, yours, HENRY C. CAREY.

Gen. U. S. Grant.

Philadelphia, Dec. 17, 1868.

LETTER SIXTH.

Dear Sir:—

More than anything else whatsoever the country needs financial peace. Shall we have it? On the answer to this question depends, as I think, the decision as to whether or not the public faith is to be maintained—whether or not the Union is to be perpetuated.

Forgetful always, even of the events of yesterday, our people are particularly so in reference to financial questions, and therefore is it that we are now required to witness so many absurd attempts at bringing the country back, so far as regards machinery of circulation, to the point at which it had stood at the opening of the great rebellion. Scheme follows scheme, their authors wholly overlooking the facts, that the long period from 1815 to 1860, *with exception alone of the brief and happy periods of protection under the tariffs of* 1828 *and* 1842, had presented a constant series of financial crises, bringing ruin everywhere to unfortunate debtors, while enabling wealthy creditors largely to augment their already enormous fortunes; that in that period there had been no less than four general bank suspensions; that throughout the Centre and the West, the South and the Southwest, the average rate of interest had been higher than in any other country of the world, claiming to rank as civilized; that the money value of property everywhere had been almost wholly dependent on the condition of the English money market; that railroad proprietors, manufacturers, miners, and furnace men had, on repeated occasions, seen their property almost wholly swept away; that in each successive revenue tariff period a large portion of the lands and houses of the country had changed owners under the sheriff's hammer; and, finally, that rebellion was but the natural consequence of a system by means of which the Bank of England had been enabled, by a single turn of the screw, to withdraw from the country nearly the whole of the little specie basis on which our circulation has rested, thereby paralyzing the societary movement, and depriving both government and people

of the means required for their support. What was the real state of things at the opening of the rebellion will now be shown, as follows:—

Had it been possible on the 4th of March, 1861, to take a bird's-eye view of the whole Union, the phenomena presenting themselves for examination would have been as follows:—

Millions of men and women would have been seen who were wholly or partially unemployed, because of inability to find persons able and willing to pay for service.

Hundreds of thousands of workmen, farmers, and shopkeepers would have been seen holding articles of various kinds for which no purchasers could be found.

Tens of thousands of country traders would have been seen poring over their books seeking, but vainly seeking, to discover in what direction they might look for obtaining the means with which to discharge their city debts.

Thousands of city traders would have been seen endeavoring to discover how they might obtain the means with which to pay their notes.

Thousands of mills, factories, furnaces, and workshops large and small, would have been seen standing idle while surrounded by persons who desired to be employed; and

Tens of thousands of bank, factory, and railroad proprietors would have been seen despairing of obtaining dividends by means of which they might be enabled to go to market.

High above all these would have been seen a National Treasury wholly empty, and to all appearance little likely ever again to be filled.

Why was all this? The laborer needing food, and the farmer clothing, why did they not exchange? Because of the absence of power on the part of the former to give to the latter anything with which he could purchase either hats or coats.

The village shopkeeper desired to pay his city debts. Why did he not? Because the neighboring mill was standing idle, while men and women indebted to him were wholly unemployed.

The city trader could not meet his notes, because his village correspondents could not comply with their engagements. The doctor could not collect his bills. The landlord could not collect his rents; and all, from laborer to landlord, found themselves compelled to refrain from the purchase of those commodities to whose consumption the National Treasury had been used to look for the supplies upon which it thus far had depended.

With all, the difficulty resulted from the one great fact already indicated in regard to the laborer. If *he* could have found any one willing to give him something that the farmer would accept from him in exchange for food—that the farmer could then pass to his neighbor shopkeeper in exchange for cloth—that that neighbor could then pass to the city trader in satisfaction of his debt—and that this latter could then pass to the bank, to his counsel, his physician, or his landlord—the *societary circulation* would at once have been re-established, and the public health restored.

That one thing, however, was scarcely anywhere to be found. Its

generic name was *money*, but the various species were known as gold, silver, copper, and circulating notes. Some few persons possessed them in larger or smaller quantities; but, the total amount being very small when compared with that which was required, their owners would not part with the use of them except on terms so onerous as to be ruinous to the borrowers. As a consequence of this, the city trader paid ten, twelve, and fifteen per cent. per annum for the use of what he needed, charging twice that to the village shopkeeper, in the price of his goods. The latter, of course, found it necessary to do the same by his neighbors, charging nearly cent. per cent.; and thus was the whole burthen resulting from deficiency in the supply of a medium of exchange thrown upon the class which least could bear it, the working people of the country—farmers, mechanics, and laborers. As a consequence of this they shrank in their proportions as the societary circulation became more and more impeded, while with those who controlled the money supply the effect exhibited itself in the erection of those great palaces which now stand almost side by side with tenement houses, whose occupants, men, women, and children, count by hundreds. The rich thus grew richer as the poor grew poorer.

Why was all this? Why did they not use the gold of which California had already sent us so many hundreds of millions? Because we had most carefully followed in the train of British free trade teachers who had assured our people that the safe, true, and certain road toward wealth and power was to be found in the direction of sending wheat, flour, corn, pork, and wool to England in their rudest form, and then buying them back again, at quadruple prices, paying the difference in the products of Californian mines! Because we had in this manner, for a long period of years, been selling whole skins for sixpence and buying back tails for a shilling!* Because we had thus compelled our people to remain idle while consuming food and clothing, the gold meanwhile being sent to purchase other food and clothing for the workmen of London and Paris, Lyons, Manchester, and Birmingham!

Why, however, when circulating notes could so easily be made, did not the banks supply them, when all around them would so gladly have allowed interest for their use? Because those notes were redeemable in a commodity of which, although California gave us much, we could no longer retain even the slightest portion, the quantity required abroad for payment of heavy interest, and for purchase of foreign food in the forms of cloth and iron, having now become fully equal to the annual supply, and being at times even in excess of it. That demand, too, was liable at any moment to be increased by the sale in our market of certificates of debt then held abroad to the extent of hundreds of millions, the proceeds being claimed in gold, and thus causing ruin to the banks. To be out of debt is to be out of danger, but to be in debt abroad to the extent of hundreds of millions is to be always in danger of both public and private bankruptcy. *The control of our whole*

* In the days of the Stuarts England exported raw materials and imported finished products, and the people of the Rhine countries ridiculed them as fools who sold whole skins for sixpences and bought back the tails for shillings.

domestic commerce was therefore entirely in the hands of foreigners who were from hour to hour becoming richer by means of compelling us to remain so dependent upon them that they could always fix the prices at which they would buy the skins, and those at which they would be willing to sell the tails. As a necessary consequence of this, the nation was not only paralyzed, but in danger of almost immediate death.

Such having been the state of things on the day of Mr. Lincoln's inauguration, let us now look at the remedy that was then required. Let us, for a moment, suppose the existence of an individual with wealth so great that all who knew him might have entire confidence in the performance of what he promised. Let us then suppose that he should have said to the laborers of the country, "Go into the mills, and I will see that your wages are paid;" to the millers, "Employ these people, and I will see that your cloth is sold;" to the farmers, "Give your food to the laborer and your wool to the millers, and I will see that your bills are at once discharged;" to the shopkeepers, "Give your coffee and your sugar to the farmer, and I will see that payment shall forthwith be made;" to the city traders, "Fill the orders of the village shopkeeper, and send your bills to me for payment;" to the landlords, "Lease your houses and look to me for the rents;" to all, "I have opened a *clearing house* for the whole country, and have done so with a view to enable every man to find on the instant a cash demand for his labor and its products, and my whole fortune has been pledged for the performance of my engagements;" and then let us examine into the effects. At once the societary circulation would have been restored. Labor would have come into demand, thus doubling at once the productive power of the country. Food would have been demanded, and the farmer would have been enabled to improve his machinery of cultivation. Cloth would have been sold, and the spinner would have added to the number of his spindles. Coal and iron would have found increased demand, and mines and furnaces would have grown in numbers and in size. Houses becoming more productive, new ones would have been built. The *paralysis* would have passed away, life, activity, and energy having taken its place, all these wonderful effects having resulted from the simple pledge of one sufficient man that he would see the contracts carried out. He had pledged his credit and nothing more.

What is here supposed is almost precisely what was done by Mr. Lincoln and his administration, the only difference having been, that while in the one case the farmers and laborers had been required to report themselves to the single individual, the Government had, in the other, by actual purchase of labor and its products, and the grant of its pledges in a variety of shapes and forms, enabled each and every man in the country to arrange his business in the manner that to himself had seemed most advantageous. To the laborer it had said, We need your services, and in return will give you that which will enable your family to purchase food and clothing. To the farmer it had said, We need food, and will give you that by means of which you can pay the shopkeeper. To the manufacturer it had said, We need cloth, and will give you that

which will enable you to settle with the workman and the farmer. To the naval constructor it had said, We need your ships, and will give you that which will enable you to purchase timber, iron, and engines. In this manner it was that domestic commerce has been stimulated into life, the result exhibiting itself in the facts, that while we increased to an extent never known before, the number of our houses and ships, our mills, mines, and furnaces, our supplies of food, cloth, and iron; and while we diversified our industry lo an extent that was absolutely marvellous; we were enabled to tend or pay to the Government thousands of millions of dollars, where before, under the system which made us wholly dependent on the mercy of the wealthy capitalists of England, it had been found difficult to furnish even tens of millions. The whole history of the world presents no case of a financial success so perfect.

In the physical body health is always the accompaniment of rapid circulation, disease that of a languid one. Now, for the first time since the settlement of these colonies, had our people had experience of the first. Every man who had desired to work, had found a purchaser for his labor. Every man who had had labor's products to sell, had found a ready market. Every man who had had a house to rent, had found a tenant. And why? Because the government had done for the whole nation what companies do for localities when they give them railroads in place of wagon roads. It had so facilitated exchange between consumers and producers, that both parties had been enabled to pay on the instant for all they had had need to purchase.

Important, however, as is all this, it is but a part of the great work that had been accomplished. With every stage of progress there had been a diminution in the general rate of interest, with constant tendency towards equality in the rate paid by farmers of the east and the west, by the owner of the little workshop and by him who owned the gigantic mill. For the first time in our history the real workingmen—the laborer, the mechanic, and the little village shopkeeper—had been enabled to command the use of the machinery of circulation at a moderate rate of interest. For the first time had nearly all been enabled to make their purchases cash in hand, and to select from among all the dealers those who would supply them cheapest. For the first time had this class known anything approaching to real independence; and therefore had it been that, notwithstanding the demands of the war, capital had so rapidly accumulated. The gain to the working people of the Union thus effected, had been more than the whole money cost of the war, and therefore they had cheerfully paid their taxes, while so many had been enabled to purchase the securities offered by the government.

Further than all this, we had for the first time acquired something approaching to a *national independence*. In all time past, the price of money having been wholly dependent on the price in England, the most important intelligence from beyond the Atlantic was that which was to be found in the price of British securities on the Exchange of London. With each arrival, therefore, our railroad shares went up or down because the Bank of England had seen fit to pur-

chase a few Exchequer bills, or had found it necessary to part with some of those it previously had held. In all this there had been a change so complete that the price of British Consols had ceased entirely to enter into American calculations. The stride, in this respect alone, that had been made in the direction of independence, was worth to the country more than the whole money cost of the great war in which we are now engaged.

Throughout the war the government allied itself with the great body of the people, those who had money to borrow, interest to pay, labor and labors' products to sell, comprising nineteen-twentieths of our total population; and hence it was that the war resulted in success so entirely complete. Since then there has been a constant effort at separating the government from that great class, and bringing it into close alliance with that very trivial one, so far as numbers go, which profits by high rates of interest and low prices of labor and labors' products; and hence it is, that there has recently been so much danger of seeing control of the country pass into the hands of those who, North and South, had participated in the rebellion. To that end the greenback, *everywhere claimed as the people's money*, has by those in high places been denounced, small as is the quantity, when compared with the real need for it. To that end there has been an unremitted effort at leading farmers, laborers, and mechanics, to the belief that it had been a "forced loan," by means of which they had been daily robbed; that it had been, and still remains, "a dishonored and dishonorable currency," by the use of which they themselves were "becoming demoralized;" that as a consequence of its use they were "in danger of losing that sense of honor which is necessary for the well-being of society;" that to its continued use they had been indebted since the war for "instability of prices, unsteadiness in trade," and a variety of other ills, whose general effect is, as we are assured by no less an authority than that of our Finance Minister, that of "filling the coffers of the rich," while making the country absolutely "intolerable to persons of limited incomes."

The person to whom we are just now indebted for this last and worst description of the evils under which we labor, may, my dear sir, certainly be classed among those who most entirely discharge from their memories all recollection of yesterday's events. Had it been otherwise with him he would have seen that, with exception of the years of the protective tariffs of 1828 and 1842, the whole of the period from 1815 to 1860 had exhibited a succession of changes infinitely greater and more injurious to both people and government than any that had been known since the greenback had been issued; since the nation first assumed performance of the duty of furnishing a basis for our monetary transactions not liable to be withdrawn at any and every moment of change in the policy of the Bank of England, as had been the case in all those periods at which we had pretended to maintain the use of the precious metals, while pursuing a revenue tariff policy which compelled an export of the whole gold produce of California.

Less forgetful than the Secretary, those who have labor to sell and money to buy, the vast majority of our people, cling to the ex-

isting state of things, and anxiously desire to witness a restoration of that financial peace which had prevailed at the moment when the former, in his memorable Fort Wayne speech, fulminated his declaration of financial war. From that hour he has been in close alliance with the money lending class, receivers of interest, and livers on incomes, with them asserting that circulating notes were greatly in excess of the public needs; that the national honor demanded a substitution of gold for notes; and that suppression of the latter would be followed by such increased supplies of the former as would at once fill the vacuum thus created; thereby doing all in his power toward destroying that faith in the future to which we had been indebted for success in war, and to which we must be indebted for power to resume should resumption ever again be brought about.

How absurd are such assertions, and how little they are calculated to bear examination, will, as I think, become obvious, my dear sir, when you have reflected on the following facts:—

With a population scarcely larger than our own, grouped together on a surface less than that of half a dozen of our States and therefore having far less need than ourselves of any material medium of exchange, France has a circulating medium one-half greater than is allowed to us.

With a still more compressed population, and one far more accustomed to effecting exchanges without the use of any species of money whatsoever, Great Britain and Ireland use more than twenty dollars per head.

With less than forty millions of people, scattered over almost a continent, *and therefore standing thrice as much in need of some material medium of circulation*, we are allowed far less than is given in either France or Britain. When, however, we look to those portions in which population is dense, and money by comparison little needed, we find them using more than either France or England, the actual circulation of New England being more than thirty dollars per head.

Looking next South and West, we find in many of the States and territories hardly even a single one, and with scarcely the smallest chance that more than one will ever be allowed them. To assert, under such circumstances, that there is any excess of circulation, is so utterly absurd as to make it almost doubtful if the gentleman who writes treasury and currency reports, and those others who make resumption speeches, can really believe the strange assertions they have been used to make. To seek, by means of action in the direction such men now indicate, a resumption of specie payments, must result in failure so complete as to postpone any real resumption for half a century to come.

What the country really needs is an increase, and not a decrease, in the machinery of circulation. That, however, as we are assured, will readily be obtained if the circulating notes can only be suppressed. Create a need for the precious metals, and they will be sure to come. Why, however, is it, that it is precisely where circulatory notes most abound, in New England, Old England, France, and Belgium, that gold and silver are most attracted? Why is it,

that in the almost total absence of circulating notes, the precious metals have so entirely disappeared from Georgia and Alabama, North and South Carolina? Why is it, pending the existence of the state of affairs here below described, the precious metals fly from *Utah* and its immediate neighborhood?

"You have tight money markets sometimes in the East. I have read of how semi-savage nations 'barter.' I saw it cited, as a curious fact, in the newspapers, that in Georgia eggs are used as small change; but in Utah I see around me a people, a prosperous people, doing the business of life almost without any money at all. In Salt Lake City itself, right in the line of travel, there is some money; but in the country settlements, which radiate thence into every valley and by every watercourse for a hundred miles, it is literally true that they have no circulating medium. Wheat is the usual legal tender of the country. Horses, harness, vehicles, cattle, and hay, are cash; eggs, butter, pistols, knives, stockings, and whisky, are change; pumpkins, potatoes, sorghum, molasses, and calves, are 'shinplasters,' which are taken at a discount, and with which the saints delight to pay their debts (if it is ever a delight to pay debts). Business in this community, with this currency, is a very curious and amusing pastime. A peddler, for instance, could take out his goods in a carpet-bag, but would need a 'bull' train to freight back his money. I knew a man who refused an offer to work in the country at fifty dollars a month because he would need a 'forty-hundred wagon and four yoke of oxen' to haul his week's wages to the whisky-shop, theatre, &c., on Saturday evening. When a man once lays out his money in any kind of property, it is next to impossible to reconvert it into money. There is many a man here, who, when he first came into the valley, had no intention of remaining but a short time, but soon got so involved that he could never get away without making heavy pecuniary sacrifices. Property is a Proteus, which you must continue to grip firmly, notwithstanding his slippery changes, until you have him in his true shape. Now you have him as a fine horse and saddle; presto, he is only sixty gallons of sorghum molasses; now he changes into two cows and a calf, and before you have time to think he is transformed into fifteen cords of wood up in the mountain canon; next he becomes a yoke of oxen; then a 'shutler' wagon; ha! is he about to slip from you at last in the form of bad debts?"

The following passage from a letter just received from Iowa, shows how completely the financial policy of our Financial Minister tends to place the many who have to borrow at the mercy of the few who are able to lend:—

"When the banks have money to loan it can be borrowed for 10 per cent. interest per annum; but sometimes, and very often, they are short and refuse to loan except to their daily customers. Then the occasional borrower is thrown upon the tender mercies of money men, many of whom indeed are bankers, and is forced to pay 30 and sometimes 40 per cent. This is, of course, done in an underhand way, so that the law cannot reach the extortioner, but it could not be done *at all* if we had circulation enough."

The picture here presented is that of the whole country south and west of Pennsylvania, yet are we daily treated with prescriptions for financial cure based upon the idea of making more and more scarce that machinery of circulation for use of which poor men are already paying 30 or 40 per cent. per annum!

Careful study of the facts here given might, perhaps, satisfy our Finance Minister, that the more thoroughly the channels of circulation are supplied with the cheaper commodity, as is now the case in all New England, *the greater is the power to purchase the precious metals and the less the need for them.* What is now most required is an increase of the former and a diminution of the latter,

every step in that direction tending towards reduction of that premium on gold, of which complaint is made.

That such reduction may be brought about, there must be a restoration of that confidence which the Secretary has so studiously labored to destroy. Such restoration may be looked for when our reformers shall have determined to study a very little of that past, which they have so evidently forgotten. Studying it, they will be led to see that, with the single exception of the protective periods above referred to, at no time in our history has the price of gold, as measured in corn or cotton, cloth or houses, farms or furnaces, remained so steady as in the four years through which we have just now passed.

Within those years we have closed a war which was costing three millions a day, and have entered upon a state of peace the cost of which is less than half a million; and yet, sudden as was the change, the bankruptcies and sheriff's sales have not been a fifth as great in number as those produced in nominally specie-paying, and really British free-trade, times, in a single year. Never in the whole history of the world has so great a change been so little felt; and the reason why it has been so is, *that the substratum of our whole monetary system consisted of a commodity for which there was no demand in foreign markets.*

That we should at all times hold in mind that resumption must eventually be reached, is not at all to be questioned. That it may be so reached as to give us increased prosperity, it must be sought in a direction very different from any yet indicated by our many monetary reformers, whether editors, senators, or finance ministers.

What that direction is I propose to state in a future letter, and meanwhile remain, with great regard and respect, yours truly,

HENRY C. CAREY.

Philadelphia, December 21, 1868.

LETTER SEVENTH.

Dear Sir:—

The cheapest, most effective, and most important of all the machinery by means of which property is enabled to pass from hand to hand, and thus to become *current*, is found in *the credit* and *the check* by whose aid thousands of millions pass in Wall Street with less use of any material medium of circulation than among the Rocky Mountains would be required for arrangement of transactions counting by hundreds, or by thousands.

Next to them comes *the circulating note*, the most generally useful, the most harmless, and the most calumniated of all the labor saving machinery ever invented by man.

Last of all—the most cumbrous, most expensive, and least effective of all the machinery of circulation in use among people claiming to be civilized—come the precious metals themselves, and for

that reason, probably, the most admired by such financiers as our actual President and his Finance Minister, the two uniting in denouncing the circulating note as the inferior currency by means of which the superior one, consisting of the metals themselves, is, as they assure us, driven out of use.

When, however, the honorable Secretary comes to compare the working of *the credit* and *the note*, he assures us that so far is the inferior note from expelling the superior credit, that it is this latter which is continually thrusting the former out of use, in the manner that here is shown :—

"In all the cities and towns throughout the country checks upon credits in banks and bills of exchange have largely taken the place of bank notes. Not a fiftieth part of the business of the large cities is transacted by the actual use of money, and what is true in regard to the business of the chief of cities is measurably true in regard to that of towns and villages throughout the country. Everywhere bank credits and bills of exchange perform the office of currency to a much greater extent than in former years. Except in dealings with the government, for retail trade, for the payment of labor and taxes, for travelling expenses, the purchase of products at first hand, and for the bankers' reserve, money is hardly a necessity. The increased use of bank checks and bills of exchange counterbalances the increased demand for money resulting from the curtailment of mercantile credits."—*Report of the Secretary of the Treasury on the State of the Finances for the year* 1867.

This is all perfectly true. The superior currency of *the check* and *the credit* tends to lessen demand for the inferior *note*, just as the locomotive lessens demand for the wagon—the *note* in its turn displacing the precious metals just as the wagon displaces the mule and the pack-saddle. Any attempt, therefore, at driving *the note* from use, with a view to compel increased use of the metals, is as much in opposition to the progress of civilization as would be a law forbidding use of the telegraph with a view to compel increased use of the facilities of intercourse furnished by the post office and the railroad train.

The great labor-saving machine is *the credit*. The next is *the circulating note*. Last come *the metals*, by means of which men are enabled to pass from the slow and costly operation of barter to the more rapid one of purchase and sale. Why then do not all men prefer the cheap *credit* even to the slightly expensive *note?* For the reason that credit itself can have no existence among a poor and widely scattered population. It abounds in England and New England, but has no existence in the regions of the Rocky Mountains and Rio Grande. Why, then, do these latter not even adopt *the note?* For the reason that they are not yet so far advanced in civilization as to have among themselves either individuals or corporations capable of making notes such as would readily be received in exchange for property of any description whatsoever. *The need for such notes, proportioned to the exchanges required to be made, is a thousand times greater than it is in Wall Street;* and it exists everywhere in the precise ratio of the absence of the check, the draft, the clearing house, and all other of the various contrivances for dispensing with the services of either the precious metals or the circulating note.

Between these two descriptions of superior currency there are these important differences, to wit:—

That *the note* represents actual property of the parties by whom it is issued, that property having been deposited in the Treasury as security for its redemption; whereas *the credit* represents property temporarily deposited in the banks, and liable to be claimed at any instant:

That, while *the note* cannot be so used as in any manner to change its relation to the total currency, *the credit* may be, and habitually is, so used as to *duplicate* its relation thereto—A, the actual owner, and B, the temporary user thereof, both exercising equal power of purchase and equal power to create a currency of checks or drafts—that superior one with the growth of which there should be diminished need for circulating notes:

That, as the inferior of these two currencies—*the note*—yields no interest to its *holder*, all desire to circumscribe within the narrowest limits the quantity to be kept on hand:

That, as the superior one—*the credit*—yields interest to its *makers*, banks and bankers seek as far as possible to increase it by lending out all the moneys standing to the credit of their customers:

That, as the people at large find their interest promoted by limiting the use of *circulating notes* the quantity in actual use changes, under ordinary circumstances, so slowly as scarcely to be perceived; whereas, the quantity *of credits*, dependent as it is upon the arbitrary will of banks and bankers, changes from hour to hour, and with a rapidity that sets at defiance all calculation:

That, consequently, *it is the power to create the superior currency, that based on mere credits, which demands to be regulated by law;* and *not* that inferior one which is based on property, and which finds its proper regulation in the need for its use by the masses of the people.

These things premised, we may now study the course of things under the State bank system, taking as its type the returns of 1860, as follows, the figures representing millions:—

	Capital.	Circulation.	Capital and circulation.	Investments.	Excess investm'ts.
Total amount . .	422	207	629	807	178
New York and New England	235	73	308	443	135
All other States and Territories	187	134	321	364	43

The first thing that strikes us on an examination of this table is the entire harmony of the facts here presented with the theory of the Secretary, and with the general impressions on the subject, the proportion of circulating notes to capital and business having been very small in those States in which a credit currency most abounded, and very large in those in which such credits were least abundant. With a bank capital of but $235,000,000, New York and New England had the use of $135,000,000 of credits created by banks for their own use and profit, being nearly twice more than the amount of their circulation. With a capital only one-fifth less, the remaining people of the Union appear to have enjoyed the advantages of the superior currency to the extent of but $43,000,000, and

their banks to have been dependent upon the profits of circulation to an amount equal to three-fourths of their whole capital, being about twice that of the trading States above enumerated.

The total currency created by banks for their own profit appears to have been as follows:—

New York and New England, with a population of 7,000,000, and a wealth, as returned by the census, of $3,707,000,000, had credits based upon moneys temporarily in banks to the extent of $135,000,000
Circulation 73,000,000

Total $208,000,000

The remaining States, with a population exceeding twenty-four millions, and a wealth of $11,558,000,000, or more than thrice greater, had a bank-created currency thus composed, to wit:—

Credits $43,000,000
Circulation 134,000,000

$177,000,000

In the one case banks might have lived and prospered, even had they been wholly deprived of the profits of circulation. In the other, outside of a few cities, no bank deprived of those profits could have existed.

Fully enjoying the advantages of both the people of the one could generally have the use of money at about the legal rate of interest. Limited almost entirely to the circulation, and that itself in many cases limited by absurd restrictions, those of the other were accustomed to pay twice, thrice, and even four times that rate. With the one prompt payment was a thing of general occurrence. With the other, debt was almost universal, not because of want of property, but because throughout a large portion of the country there existed neither credits, circulating notes, nor any other general medium of exchange whatsoever.

Such having been the state of things seven years since, under the State bank system, we may now examine the working of the, so-styled, national system, with a view to see if it has tended to correction or to exaggeration of the difficulties that then existed.

§ 2. Under the State bank system, as has been shown, the distribution of *credits* and *circulation* among ths States was very nearly in accordance with the Secretary's present teachings. How far it is so now, under this, so-called, national one, organized by the Secretary himself, it is proposed here to show.

By the report of the Comptroller, just now published, the following was the state of things in October, 1867, two years having then elapsed since the date of the Secretary's declaration of war upon circulating notes issued at Fort Wayne, by which the public were advised that "paper money" was too abundant, that speculation must cease, and that "contraction" must be the order of the day, the figures, as before, representing millions:—

	Banking capital.	Circulation.	Capital and circulation.	Investments.	Excess investments.
Total.	420	297	717	1103	386
New York and New England	260	173	433	677	234
All other States and Territories	160	124	284	326	152

The total circulation had, in seven years, increased 90,000,000, but instead of finding that increase in those parts of the country in which credit least abounded and circulating notes were most needed, we find the whole of it, and even 10,000,000 more, to have been distributed by the then Comptroller, and now Secretary, to those very States in which credits were most abundant and a paper circulation least required.

Comparing now the bank-created currency of the two periods, we obtain the following figures:—

	1860.	1867.	Increase.
New York and New England, present population 7,000,000—			
Credit currency	135	234	
Circulation	73	173	
Total	208	407	199
Other States and Territories, population 30,000,000—			
Credits	43	152	
Circulation	134	124	
Total	177	276	99

In the first, population could have but very slightly grown. In the other it had increased to the extent of many millions, and yet, while nearly two hundred millions had been added to the one, less than one hundred had been secured by the latter. Such has been the working of a system that is styled national, but that is not only sectional as regards the North and the South, but also as regards the Centre and the West as against the North and the East.

In the intervening period the necessities of our people for a general medium of circulation had grown south and west of New York thrice more rapidly than in the country north and east of the Delaware. In many of the older States, poorly supplied before, the check and draft currency had wholly disappeared. Throughout the West new territories had been settled, and new States had been created, in which credit had as yet obtained no foothold whatsoever. Nevertheless, in the vast region south and west of New York, with four-fifths of the total population of the Union and two-thirds of its wealth, the quantity of circulation granted by the financier who has so much complained of the "plethora of paper money" has been, as here is shown, $10,000,000 less than it had been when Kansas was but beginning to be settled, and when many of the present States and territories had scarcely yet found a place on any map whatsoever.

Bad as is this exhibit, and much as such a state of things must tend to prevent the approach of financial peace, that presented by an examination of the operations of our chief commercial cities is infinitely worse, as I propose to show in another letter, meanwhile remaining, very truly and respectfully, yours,

GEN. U. S. GRANT. HENRY C. CAREY.

PHILADELPHIA, Dec. 25, 1868.

LETTER EIGHTH.

DEAR SIR:—

Circulating notes, as the Secretary assures us, are least needed where credit currency most abounds. Cities, then, are the places at which banks least need to avail themselves of the privilege of furnishing circulation. That such was the practice under the State bank system is well known to all. How it is now, under the one organized by the Secretary himself, and how his system compares with that he had found established, is shown by the following figures, representing, as before, millions:—

	Capital.	Circulation.	Capital and circulation.	Loans.	Excess of loans.
OCTOBER, 1860.					
New York	69	10	79	123	44
Boston	35	7	42	64	22
Philadelphia	12	3	15	27	12
	116	20	136	214	78
OCTOBER, 1867.					
New York	75	35	110	241	131
Boston	42	24	66	101	35
Philadelphia	16	11	27	59	32
	133	70	203	401	198

Of $90,000,000 addition to the currency in that form of which the Secretary is now so generally accustomed to speak as "paper money," no less than $50,000,000 are here shown to have been given, and given, too, by himself as Comptroller of the Currency, to those three communities in which, by his present showing, circulating notes had been least required; $10,000,000 having at the same time been *withdrawn* from the country south and west of New York, embracing States and Territories almost forty in number, with a population numbering little less than 30,000,000, and growing by millions annually, the needs of these for some general medium of circulation being, man for man, thrice greater than those of the people of the cities whose past and present have been above described. The Secretary's theories, as given in the passage of his report heretofore quoted, are excellent. Can he now explain why it is that his practice has been so different?

The bank-created currency of those cities at the same periods may thus be stated:—

	1860.	1867.
Credits based on loans of moneys at the credit of individuals	80	[1]198
Circulation	20	70
	100	268

[1] This is probably much less than the truth, there being checks and "cash items" that to some extent must have borne interest. Opposed to them there are surplus funds which are additions to capital. The one would probably balance the other.

The Secretary denounces speculation, and professes to be earnest in his desire to put it down. Nevertheless, here, *in the very centres of speculation*, three great trading cities, we have, under a system organized by himself, an *increase* of currency amounting to $168,000,000, or within little more than $60,000,000 of the *total* quantity that, excluding Philadelphia, is allowed to all the States and Territories of the Union south and west of New York, with four times the population and with twice the wealth of New York and New England. Not content, even, with this, the great opponent of speculation and of "paper money" has been unwearied in his efforts still further to deplete the centre, the west, and the south, and to perfect the centralization already so far established, by compelling all their banks to provide in one alone of them funds for redemption of their circulation, after having already provided for the same by deposits in his own hands at Washington. A better provision for maintenance and extension of the speculative spirit, so often and so bitterly denounced by himself, and for preventing resumption either now or at any future time, could scarcely have been devised.

The 50,000,000 additional circulation thus injected into the great centres do more, my dear sir, to cause "inflation," than would be done by 500,000,000 of the one, two, and five dollar notes required "for the retail trade, for travelling expenses, and for the purchase of products at first hands," those purposes for which the money is really, in the Secretary's view, to be regarded as a "necessity." By whom, however, were they so injected? By the Secretary himself, in his capacity of Comptroller of the Currency! He, therefore, it is, who is to be regarded as the great "inflationist;" yet does it please his friends to style as such all those who fail to see that resumption of specie payments can by any possibility be attained by means of measures tending to total destruction of the societary circulation.

"Capitals," said Mirabeau, "are necessities, but if the head is allowed to grow too large, the body becomes apoplectic, and wastes away." That, precisely, is what is here occurring, the whole tendency of the present monopoly system being in the direction of causing accumulation of blood in and about the societary heart, to the utter destruction of circulation throughout the body and limbs. Hence it is that property in New York city has attained such enormous prices, and that we are now daily called upon to read of the "unparalleled advance" that, according to the *Tribune*, chief advocate of prompt resumption as it is, has taken place in the adjoining States, New Jersey and Connecticut. Passing outward, however, south and west, we find a totally different state of things, miners, and laborers being thrown altogether idle, and the depression there being quite as little to be "paralleled" as is the advance in the States so liberally patronized by our consistent Finance Minister.

To find his system working in full perfection we need, however, to look further south—to Georgia, Carolina, and Alabama. Doing this, we find the special advocate of the Secretary's most unphilosophical and most exhaustive system, speaking to its readers in the words that follow:—

"A correspondent, writing from Hinesville, Liberty County, Georgia, says: 'A sale has taken place at this county seat that so well marked the extreme depression in the money market that I send you the particulars: Colonel Quartermain, of this county, deceased, and his executor, Judge Featter, was compelled to close the estate. The property was advertised, as required by law, and on last court day it was sold. A handsome residence at Walthourville, with ten acres attached, out-houses, and all the necessary appendages of a first-class planter's residence, was sold for $60. The purchaser was the agent of the Freedmen's Bureau. His plantation, four hundred and fifty acres of prime land, brought $150; sold to a Mr. Fraser. Sixty-six acres of other land, near Walthourville, brought three dollars; purchaser Mr. W. D. Bacon. These were all *bona fide* sales. It was court day, and a large concourse of people were present. The most of them were large property owners, but really had not five dollars in their pockets, and in consequence would not bid, as the sales were for cash.' In Montgomery, Alabama, lots on Market Street, near the Capitol, well located, 50 feet by 110 feet, averaged about $250 each. The Welsh residence on Perry Street, two-story dwelling-houses, including four lots, sold for $3500; Dr. Robert M. Williams was the purchaser. The same property in better times would not have brought less than $10,000. The Loftin Place, near Montgomery, containing 1000 acres, was recently rented at auction for forty cents an acre. The same lands rented the present year for three dollars an acre. About thirty real estate transfers were recorded in Nashville last week; prices were low. In Portsmouth, Virginia, a house and lot, formerly of the Reed estate, situated on the south side of County Street, near the intersection with Washington, was recently sold to Mr. Ames for $750. A building lot at the intersection of South and Bart Streets, brought only $125. A portion of Woodland, the late Judge John Webb Tyler's estate in Prince William County, Virginia, has been purchased by Mr. Delaware Davis, of New Jersey, at $20 an acre."

The more the blood is driven to the heart the more do the limbs become enfeebled, and the greater becomes the liability to paralysis, to be followed by death. The Secretary has been, and still is, driving all the blood of the Union into the States and cities of the north and east, and with every step in that direction the circulation becomes more and more torpid and the paralysis more complete.

§ 2. Of the agricultural departments of France a very large proportion are steadily declining in population, the main reason therefor, as given in a highly interesting paper recently published,* being to be found in "a total absence of that power to supply themselves with circulating notes which elsewhere results from the presence of banks or other establishments of credit, or that of individuals whose signatures to such notes command the public confidence."

Agriculture, for this reason, fails in those districts to obtain the aid of capital, except on conditions so onerous as to be ruinous to the borrower. Just so has it always been throughout more than half the Union; the farmers of the Mississippi Valley, and the planters of the South and Southwest having been, even before the war, compelled to pay for the use of circulating notes twice, thrice, and often even five times the rate of interest paid by their brother agriculturists of New England and New York.

So did it continue to be until the needs of war compelled the Treasury to do that which it should long before have done, furnish a national machinery of circulation, by means of which the farmer might be enabled to buy and sell for cash, and to pay in cash his mason

* Journal des Economistes, Septembre, 1867

and his carpenter; thereby, and for the first time in our history, enabling these latter in their turn to acquire that feeling of real independence which results from exercise of power to choose among contending shopkeepers that one which would most cheaply supply the cloth, the coffee, or the sugar required by their families and themselves. At once the whole position of affairs was changed; the needy farmer and laborer, begging for credit, disappearing from the stage, and the anxious trader, begging for their custom, taking their place. It was a revolution more prompt, more complete, and more beneficial than any other recorded in financial history; its effect having been that of supplying the inferior, the most useful, and the least dangerous currency—*the note*—to those portions of the country which, while abounding in labor and in natural wealth, were as yet too poor to command the services of that superior one —*the credit*—by which, in the course of time and in accordance with the Secretary's present teachings, it was to be replaced.

Of all the machinery of commerce there is none which renders so large amount of service as that which facilitates exchanges from hand to hand. The more it abounds the more rapid is the circulation, and, as in the physical body, the greater are the health, the strength, and the force. It is, however, the one that is always last obtained, and most difficult to be retained. In furnishing it gratuitously to the centre, south, and west, the Treasury rendered a larger amount of service to our whole people than it would have done had it given the gratuitous use of railroads whose *cost* would have been thrice as great as its own *amount*. That service was found in the increased demand for labor, to the great advantage of those who had it in its various forms for sale—the farmers, mechanics, and laborers of the Union. To some extent, however, it damaged those who made no profitable use of their own physical or mental faculties—annuitants, mortgagees, and other persons in the receipt of fixed incomes.

That, however, is the necessary result of beneficial changes of every kind, all such improvements manifesting themselves in an elevation of the labor of the present at the cost of accumulations of the past—the rate of interest always falling as labor becomes more productive. Instead, however, of so regarding it, those who suffered have, of course, insisted that it had been nothing but "a forced loan;" that, for that reason, it should, at the earliest possible moment, be repaid; and that the whole people should for their benefit, be deprived of all the vast advantage which, under pressure of the war, had been so promptly gained. By whom, however, had the loan been made? Had it not been by the whole body of the people? Assuredly it had, and that same body had been the recipient of its products.

It had been simply the one great corporation of the Union combining with its members for obtaining, free of charge, the use of machinery of inestimable value in default of which the societary circulation had previously been so much and so frequently arrested as to cause waste of labor to an annual amount twice greater than the circulation that had thus been furnished. It was that corporation combining with its members for their relief from the oppressive

taxation of usurious capitalists, money-lenders on the one hand, and traders on the other. Of those who made the loan none complain. None suffer; there being not even a single one who cannot, on the instant, be reimbursed, obtaining from his neighbor property of value fully equal to that which he had given for his share of this, so-called "loan." What they do complain of is that, while willing to extend their loans, and to do so without charge of interest therefor, they are not permitted so to do; and here they complain with reason.

The Secretary insists, however, that this is only "paper money," of which there exists, in his opinion, so great a "plethora," that, at any sacrifice, this loan must be repaid. Seeking this "plethora," we look to the South and find plantations being almost given away, because of the almost entire absence of currency of any description whatsoever. Turning next to the Mississippi Valley we find currency so scarce that manufacturers and traders pay for its use twice and thrice the usual rate of interest; farmers, meanwhile, finding difficulty in obtaining it on any terms whatsoever.

Coming now to the centre, we find it to be so little superabundant as to compel the employment of bank certificates—a sort of bastard "paper money" that otherwise would not be used. Passing thence to the North and East, the centre of speculation, and therefore, perhaps, in both the past and the present, so largely favored by a finance minister who professes himself opposed to "speculation," we find an abundance, and perhaps even the "plethora" of which he has so much and so frequently complained. Taking, however, the whole Union, we find that of this "dishonored and dishonorable paper money" the quantity in actual circulation cannot be estimated at more than five hundred millions of dollars, or little more than a dozen dollars per head. With less than half the need of it, per head, France has a circulation more than one-half greater; and yet, with even this large supply, her agricultural districts are even now actually perishing for want of some representative of money to be employed in the effectuation of exchanges. Of all the countries of Europe there is none in which there exists in such complete abundance that superior currency which, as the Secretary assures us, and as we know to be the fact, tends to supplant the circulating note, as is the case in Britain. Yet even there do we find the circulating medium, per head, to be far greater in quantity than among ourselves. Nevertheless, with such facts before him, and in direct opposition to his own most recent teachings, the Secretary assures us that it is to the excess of "paper money" we are to look when desiring to find the "obstacle" which stands in the way of "a return to a stable currency!"

Scotland, as stated in the article above referred to, has for each 5000 of her population a place at which money operations may be transacted. Nevertheless, there is no country of Europe in which circulating notes are so generally used. This, according to the Secretary, should make of it a good place to sell in and a bad one in which to buy; there yet is none in Europe better in which both to sell and to buy.

Jersey, one of the little Channel islands, with a population of

55,000 gathered together in a space less than half that embraced within our city limits, has no less than seventy-three places at which monetary affairs may be transacted; and yet, with all this vast machinery for supplying the superior currency, her people use of notes, none of which are of less than $5 value, more than $400,000, or almost $8 per head. Add to this the gold and silver that must necessarily be used, and we obtain a larger proportion than is now in use by a people of little less than 40,000,000, scattered over half a continent, among by far the larger portion of whom there exist none of those appliances by means of which, in more advanced communities, the use of money, whether the precious metals or the circulating note, is so much economized. Excluding New York and New England, and allowing for the general absence here of those means, the circulation of Jersey is *ten times* greater per head than that of nearly forty of our States and Territories; and yet, not only does this little island enjoy the highest degree of prosperity, but there is not a spot in Europe in which excess of currency stands less in the way of both buying and selling with advantage. The facts and the Secretary's theory do not, therefore, harmonize with each other. So much the worse, he will probably reply, for the unfortunate facts.

Such as they are, my dear sir, they are now placed before you, and none can as I think hesitate to admit the general accuracy with which they have been presented. Should your leisure permit their careful examination, you will, as I confidently believe, arrive at the same conclusion with myself, to wit: That it is to the existence of a great monopoly, created under the present banking law, we are indebted for the existence of most of those obstacles which stand in the way of a restoration of financial peace; and, that if we would remedy the evils under which we suffer, we must commence with removal of the cause to which their existence is due.

How it may be removed with permanent benefit to all, I propose to show in another letter, and meanwhile remain,

Very respectfully, yours,

HENRY C. CAREY.

Gen. U. S. Grant.

Philadelphia, December 31, 1868.

LETTER NINTH.

Dear Sir:—

Seven years since there still existed among the States in reference to one of the most important of all questions—the establishment of *institutions of credit*—a perfect equality of rights. Then, Illinois and Tennessee stood exactly on a par with New Hampshire and Vermont, and the little capitalists of Iowa found among the statutes of the Union none whose tendency was that of placing them in a position inferior to those of Maine in reference to any arrangements they might wish to make for facilitating among themselves exchanges of labor and labor's products. Among those

statutes there could be found none whose direct effects had been, and must ever continue to be, that of placing the men of Missouri in the position of "hewers of wood and drawers of water" to the more favored people of New York and Massachusetts. If they still continued to barter corn for cloth, hogs for sugar, it was not because of interference of the Federal Government forbidding the adoption of measures tending towards enabling them to adopt the more civilized process of purchase and sale. If they continued to pay 20, 30, or 40 per cent. for the use of circulating notes furnished by Eastern banks, they had before them at least the hope that with time they might be enabled to establish institutions that would furnish such at more reasonable rates of interest. With the war, however, there came in this respect a total change, Congress having soon after its commencement enacted that before any association of capitalists, large or small, could be permitted to commence supplying their neighbors with machinery by means of which to make their various exchanges, they should lend to the government an amount one-ninth greater than that of the circulating notes to be supplied; and that the bonds they were thus required to buy should be placed in the Treasury, to be there held as security for payment of the notes.

That done, and the notes received, it was then further required that they should purchase a certain proportion of Treasury notes payable on demand, to be held by them as further security for payment on presentation of any portion of their own circulation. Further, in the event of failure of payment, their stockholders were made to a certain extent individually liable for any ultimate deficiency of assets, whether as regarded holders of notes, or owners of credits on their books.

Having thus defined the terms on which the several portions of the country might be allowed to obtain machinery of circulation, and *having provided such restrictions as rendered it most difficult so to do except in rich and populous districts*, it might have been supposed that then it would have been everywhere left to the people themselves to decide to what extent they would have institutions of credit empowered to supply circulating notes. Not so, however, the law providing that whensoever such circulation should have been issued to the extent of $300,000,000, all power for further issue should cease, and thus establishing a monopoly in the hands of those who first had taken possession of the little that had been allowed.

Compliance with these conditions was easy in those communities within which credit institutions already largely abounded, and in which, by the Secretary's own showing, circulating notes least were needed, to wit: New York and New England. Most difficult, however, must it prove in all of those in which such notes most were needed, to wit: the Centre, the West, and the South, those in which the superior currency of checks and drafts least existed. Most of all was it easy in those large cities in which, as the Secretary informs us, "not a fiftieth part of the business is transacted by the actual use of money;" and in which, as he further says, "except in dealings with the government, for the retail trade, for the payment of labor and taxes, for travelling expenses, the pur-

chase of products at first hands, and for the banker's reserve, money is hardly a necessity." Such being the case, it was his duty, as Comptroller of the Currency, so to act as to secure to the States and Territories least provided with the superior currency the largest possible share of the limited quantity of the inferior one that had been thus allowed. Directly the reverse of this, however, we find him to have added $100,000,000 to the previously existing circulation of those States in which credits most existed, and $50,000,000 to that of the three cities in which circulating notes were least of all required; while actually diminishing by $10,000,000 the allowance to the whole country south and west of New England and New York.

By this course of action there was established a *monopoly of money power without a parallel in the world;* that monopoly, too, created by the Secretary himself in those very centres of speculation in which each additional million does more to produce "inflation" than could or would be done by a dozen millions scattered throughout the pockets of farmers and laborers of the east, the west, the south, or the southwest.

The counterbalance to this monopoly was found in the greenback —in machinery of circulation that had been created by the people themselves for the purpose of enabling each and all of them readily to exchange their services and products. The one tended toward giving capitalists of the cities power to compel the interior more and more to depend on them for performance of all their exchanges, and thus to give them more complete control over the farmer and the laborer. The other, on the contrary, tended toward enabling farmers and laborers to exchange among themselves freed from the control of city capitalists; and for that reason it has been that these latter, the journals in their pay, and the Treasury department, have been so unwearied in their efforts to drive it from the stage.

For accomplishment of that object they have done their utmost towards destroying the confidence of our people in each other, and in the country's future. From day to day has "contraction" been insisted on, accompanied by the assurance that prices must be made to fall; that property bought to-day must be almost valueless to-morrow; that mines opened, furnaces or houses built, this year, must prove in the next to be worth far less than cost. Raids have been made upon banks. Interest-bearing securities have been withdrawn from them for the express purpose of compelling them to heap up greenbacks in their vaults. Factories and mills have been closed that might and would have consumed hundreds of thousands of tons of coal and bales of cotton. Mines have been abandoned, and manufacturers have been ruined. Paralysis has been brought about through the whole extent of the Union, and all these things have been done to the ends that the people might be deprived of a circulating medium created by themselves and for themselves; that the monopoly of the extreme North and East might be perfected; and that the "speculator" might in this manner be driven from existence. To what extent this latter object has been attained, we may now inquire.

From the report of the Comptroller of the Currency we learn that

on the first of January, 1867, the loans on private security by the banks of New England and New York were $404,000,000, and that in October following not only had there been *no contraction*, but there had been an actual *increase* of their amount.

At the first of those dates they held $297,000,000 of interest-bearing public securities. At the last, their amount had fallen $14,000,000, the whole effect of a nine months' vindictive warfare having been that of compelling them to disgorge *public* securities yielding them an annual interest of probably $800,000. Placing against this the higher interest that lenders had, by means of the Secretary's aggressive policy, been enabled to secure, the balance in favor of the banks would probably count by millions, for all of which they had been indebted to the policy announced in the celebrated but unfortunate Fort Wayne decree. The policy that carried us through the war favored those who had labor to sell and money to borrow. That of the Secretary, and of the money lenders of New York and New England, favors those who have money to lend and labor to buy; and hence it is that the societary circulation becomes daily more and more impeded, and that the Treasury daily loses power.

Throughout the North and East there was certainly a plethora of currency needing to be corrected. Has the Secretary, with all his efforts, succeeded in making this correction? On the contrary, he has not only proved himself utterly powerless in that direction, but has, by largely withdrawing that machinery on which, almost alone, were dependent the people of more than half the Union, made the centres of speculation relatively far more powerful than they had ever been before.

His policy has been wholly inoperative in all those centres of speculation in which "not a fiftieth part of the business is transacted by the actual use of money," the "plethora" still existing just where the Secretary had himself created it; monetary starvation being, meanwhile, the lot of two-thirds of the whole population of the Union, and their position, relatively to the highly speculative North and East, undergoing daily deterioration.

To what extent this course of action has tended towards facilitating resumption may be now examined.

2. The first step in that direction, whensoever it shall be made, will be the one that shall tend to replace in the Treasury the power that had been parted with at the moment when the existing monopoly had been created. As yet, every attempt in that direction has proved an entire failure, Congress having created a monster which, thus far, has proved far more powerful than its creator. Until it shall be dethroned—until it can be deprived of its present control over both people and State—there can be no financial peace, and it is with that alone that resumption can ever be brought about.

To the end that such peace may be established, we must commence by doing justice, re-establishing, under the National Banking Law, that equality of rights of which the Centre, the South, and the West so unjustly have been deprived, and thus placing the man of Missouri once again on a footing with his fellow-citizen of

Vermont. To do this must, however, as we are assured, tend to produce inflation, to raise prices, and thus to retard resumption. The answer to this is, that it is always expedient to do right; that we may not do evil that good may come of it; that universal experience teaches us that honesty is the best policy; and, that the road towards financial peace *cannot* lie in the direction of enabling the rich of the North and East to grow daily richer at the sacrifice of the rights of the poorer men, white and black, of Missouri and Minnesota, Georgia and Mississippi.

By whom, however, is it that such assertions are made? Is it not by the people of New England, who have, with their very limited population, secured to themselves a third of the whole money power of the Union? Is it not by men of New York, that other State which has secured to itself a fourth of the whole circulation allotted to more than forty States and Territories, extending over almost an entire continent? Is it not by those cities of the North Atlantic Coast, which have, by means of the present banking law, secured to themselves so nearly all the power to furnish circulation which, before the war, had been exercised by interior banks? Is it not, everywhere, by the men who desire to see a rise in the price of that great commodity, money, of which they have the command, and a decline in the prices of those they need to purchase—to wit, labor and labor's products? To all these questions there can be no answer other than this: that we are in the midst of a financial war whose object is the maintenance of a monopoly hostile to the best interests of the people; a monopoly pending whose existence there can be no resumption; and, *that the first step toward peace is to be found in such a re-establishment of governmental power as would result from dissolution of the present alliance with that portion of the community which desires that money may be dear and labor cheap.* Throughout the war the Treasury was in close alliance with those who desired that money might be cheap and labor dear, and if it desires now to bring about resumption it must commence by renewal of that understanding with the men who have labor to sell and money to buy which was brought to an untimely end at the moment when the Secretary, three years since, fulminated from Fort Wayne his declaration of war upon the credit of both the people and the State.

3. That the physical body may be sound in health, there must be steady and rapid circulation throughout the whole system, from the heart to the extremities, and thence back again to the heart. So, too, it is with the social body, societary health being entirely inconsistent with excessive circulation in the region of the heart, the extremities meanwhile becoming from time to time more entirely palsied, as is now the case throughout the Union. That this may be corrected, and that there may be established or re-established throughout the Centre, the South and the West, that rapidity of circulation without which there can be neither financial nor political health, we need an abolition of monopoly privileges. That we may then gradually calm the unnatural excitement existing in States and cities which now profit of that monopoly we need the adoption of measures tending to regulate the exercise of that

power over the currency which results from excess of loans and creation of credits on their books at one moment, and violent diminution of loans and suppression of credits at another, the two combining for the production of excitement at one moment and paralysis at another, and for prevention of anything like permanent financial peace. To that end we need a law declaring—.

First, that no bank shall hereafter so extend its investments as to hold in any form other than those of gold, silver, U. S. notes, or notes of national banks, more than twice its capital:

Second, that in the case of already existing banks whose investments are outside of the limits above described, any extension thereof beyond the amount at which they stood on the first of the present month shall be followed by instant forfeiture of its charter.

Having thus established a check upon further extension, the next step should be in the direction of bringing the operations of existing banks within proper limits. To that end, we need a provision imposing on all investment outside of the limits above described a tax for the present year of one per cent. In the second year let it be made $1\frac{1}{2}$ per cent.; in the third, 2; and in the fourth, 3. Thenceforth let the tax grow at the rate of a half per cent. per annum until, by degrees, all banks shall have so enlarged their capitals, or so reduced their loans, as to free themselves from its further payment.

Holding interest-paying securities to no more than double its capital, a bank would be always in a condition of perfect safety, and could give to its stockholders dividends of at least 10 per cent. Such stock would be preferable to almost any other securities in the market, and there would be no difficulty in so enlarging the foundation as to give to the whole structure the form of a true pyramid, instead of that inverted one which now presents itself to the eye of all observers.

Under the State bank system city banks furnished little or no circulation. Why? Because their deposits enabled them to do all the business required for making liberal dividends among their shareholders. The country banks then monopolized the circulation. Why? Because with deposits small in amount and without the profits of circulation they could not live. Let us have such a law as is above described and the city banks will at once find themselves forced to relinquish to their country competitors the whole business of furnishing circulating notes; and thus a second great step in the direction of ultimate resumption will have at once been made.

It may be said, however, that banks are now so heavily taxed by both State and Federal Governments as to make it difficult under such restrictions to continue the business in which they are now engaged, and that it is so is probably the case. That it may so cease to be, let the Treasury at once relinquish the few millions of revenue which result from bank taxation, at the same time providing against increase on the part of the States. In the whole list of taxes there are none so injurious, none which should be so carefully avoided, as those which tend to prevent the formation of institutions of credit; yet are State and National Governments

vying with each other in the effort so to squeeze them as almost to drive them from existence! Were all bank taxes abolished; were the monopoly extinguished; and were governments to encourage rather than prevent the formation of such institutions; we should then be on the road towards raising the greenback to a level with the gold and silver coin. For every dollar so relinquished twenty would be added to the productive power of the nation as a consequence of the growth of faith in the future which would result from making that one step in the direction of financial peace.

4. The third step would be found in requiring banks to retain, in lieu of the greenbacks now required, all the gold received from the Treasury as interest on bonds therein deposited. Had this course been pursued for three years past they would this day hold sixty millions of gold, while the people would have in daily use an equal amount of circulating notes that now are hoarded. Let it be now adopted, the banking monopoly being simultaneously abolished, and the day will then be close at hand when the amount of interest payable to banks will reach $30,000,000 per annum; when the world at large will see that the day is fast approaching on which the greenback is to stand upon a par with gold and silver; and, that if their circulation be still continued it will be because our people will then have arrived at the conclusion that the way to insure steadiness of monetary action is to be found in the direction of maintaining the use of *a national medium of circulation not liable to be withdrawn on every occasion of disturbance in the relations of the always belligerent powers of Europe.*

5. The national banking law abounds in serious defects, all of which must be remedied before we can have perfect financial peace. Most important of all, however, are those above referred to, by the one of which there was created a Procrustean Bed measured for a body that has already, though yet in infancy, far outgrown it; while by the other there was placed in the hands of a limited number of persons, chiefly city bankers, a power so excessive that it has enabled them to set at defiance all the power of the government, and will, without action such as is above described, enable them so to do forever in the future.

By removal of the first we shall free ourselves from the absurd position in which we at this moment stand, that of having proposed to establish through the South a system under which money wages were to be paid, at the same time refusing to either South or West that power for creating the machinery in which such payments must be made, which is so freely exercised throughout the North and East.

By means of the second we shall not only greatly limit the power to produce financial disturbance, but also do very much towards limiting that extravagance of expenditure to which we stand now indebted for an adverse balance of trade in face of which resumption can never seriously be thought of, and can, certainly, never be brought about.

The three together furnish *the only terms* upon which financial peace can ever permanently be secured.

That we may have political peace, and that the Union may be

maintained, we *must* begin by recognizing the existence of perfect equality among the States in reference to the power of their people to determine for themselves what shall be the character of the machinery used in making exchanges from hand to hand, and to what extent it shall be used.

In another letter I shall ask your attention, my dear sir, to some facts connected with the national debt, and meantime remain, with great respect and regard,

Yours truly,

GEN. U. S. GRANT. HENRY C. CAREY.

PHILADELPHIA, January 4, 1869.

LETTER TENTH.

DEAR SIR:—

THE surrender at Appomattox, though giving us, so far as regarded operations in the field, the peace that so anxiously had been desired, brought with it reason for apprehending the reverse of peace in the commercial and financial world. For several years the country had presented to view a scene of life and activity the like of which had never anywhere before been witnessed. All who had had labor or labor's products to sell had found a ready market, and among men, too, who could at once pay over the price upon which they had agreed. For the first time farmers and laborers throughout the whole country could go cash in hand seeking their supplies among those who could sell at the lowest rate. Demand had gone ahead of supply, the economy of labor thus produced exhibiting itself in the fact that, notwithstanding the absence of a million of men in the field, the nation had found itself enabled to contribute to the wants of government in a manner so remarkable as to have amazed the outside world, while almost as much astonishing ourselves. Never before had it so well been proved that in the social as in the physical body health, strength, and life are the inseparable accompaniments of rapid circulation.

Now, however, there was threatened a serious change in the power of production as well as in the machinery of circulation. For years we had had in the field hundreds of thousands of men busily engaged in the work of consumption while adding nothing to production. Thenceforth their services were to be given to increasing the supplies of food, clothing, and machinery placed at the command of our people, and there was danger lest, in the absence of governmental purchases, the machinery of circulation might prove wholly insufficient for making the exchanges work as smoothly as they till then had done. More labor would be seeking employment, and more commodities would be in market to be exchanged against labor, and any stoppage of such exchanges must not only affect the power of the whole people to provide satisfactorily for their own wants, but also greatly impair their power for aiding the various governments, local and general, amid the difficulties in which, for the moment, they were involved. The interests of all required, therefore, that rapid circulation should continue to be maintained.

Throughout the war individuals, cities, counties, States, had volunteered their aid in a manner wholly without precedent in the annals of the world. To so great an extent had this been done that it is certainly fair to estimate the voluntary donations at $600,000,000, the half of which, or $300,000,000, still remained a charge upon our people, involving payment of interest to the annual extent of little, if any, less than $20,000,000.

The interest on this local debt was probably a full seventh of that payable on the national debt. This would seem to have been but a small proportion, yet was it really an enormous one when we reflect that the local govern-

ments had been stripped of nearly every source of revenue except the lands and houses, mills, farms, and mines, that before had been so heavily taxed for maintenance of schools, roads, poor-houses, prisons, and for other matters with whose direction they stood charged. The effect of this now exhibits itself in the fact that local taxation has become so burthensome that cases could readily be cited in which the proceeding falls very little short of confiscation. The sums required for payment of interest on the various public debts being fixed quantities, it followed, of course, that every diminution in the prices of labor, or its products, tended to make the burthen more severe, while just as much ameliorating the condition of those who had interest to receive and labor or its products to purchase. In the natural course of things these latter—the men who had *lent* the government what it needed—were certain largely to profit; and the danger was great that those who had so freely *given* of their little means might largely suffer by the change. Of the two, these latter were most entitled to consideration, having given of their means and pledged their properties with no expectation whatsoever of remuneration. To them it was of the highest importance that the demands of the National Treasury should be limited to the smallest possible amount; that no present attempt should be made to pay the principal of the debt; that taxes should as rapidly as possible be abolished; and, generally, that the national power should be so exerted as to maintain that confidence in each other, and in the Union at large, by which the war had been so much distinguished, and to which we had been so much indebted for the success that had been obtained.

That all these things might be done; that the gap between war and peace might comfortably be bridged over; that the men who had labored and had given of their means might not be sacrificed for the benefit of those who had merely lent at heavy interest; and, that the power of the nation to contribute to the further support of government might remain unimpaired: it was essential that the Finance Minister should be capable of recognizing the truth of that proverb which teaches that *those who move gently move healthily, and those who move healthily have the best chance of life.* Directly the reverse of this, we have had for minister a man whose whole period of office has exhibited a series of convulsions brought about by himself and having for their effect that of making the rich richer and the poor poorer, most fully proving to the world how large is the amount of mischief that may be done by a man placed, as the present Secretary has been, in a position for the worthy filling of which he has not manifested possession of any single recommendation. Hardly had he been seated in his office before journalists known to be in his confidence gave to the world assurance that the price of gold was at once to be reduced, and that resumption was soon to be brought about. For the moment, however, public needs compelled retraction of such assertions. The Treasury was largely in debt to soldiers and contractors, all of whom would gladly have accepted notes payable on demand, and without interest, but the Secretary preferred competing with merchants and manufacturers by offering to take $600,000,000 at an extravagant rate of interest, coupled with a power to claim gold bonds at the end of three years' time. That sale accomplished, the country was next favored with a declaration of war against the circulating notes by means of which the government was then so greatly aiding the societary movement while saving nearly $30,000,000 per annum. Contraction was now to be the order of the day; prices were to be put down while taxes were to be maintained; the rich who held government bonds were to be made richer, while those who had *given* of their means to the support of government were to be made poorer; the banking monopoly was to be maintained, the national circulation being meantime withdrawn; and all these things were to be done that the Finance Minister might have placed at his disposal $200,000,000 a year to be applied to payment of principal and interest of the debt, which latter, as we were triumphantly assured, was to be speedily extinguished by means of a system whose obvious tendency was that of largely increasing the general rate of interest, thereby diminishing the power of our people profitably to employ their labor, or liberally to contribute to the support of government.

For the moment, Congress was led to give in its adhesion to the Secretary's measures of contraction. Very brief experience of its effects was, however, required for inducing it to limit its approval within $4,000,000 per month;

and but little more, happily, for causing it to be altogether withdrawn. So, too, has it been with regard to taxes, Congress having, in despite of his remonstrances, annihilated many of the most oppressive of them, and thus vetoed his schemes for burthening the present generation with actual payment of the entire debt.

That in the adoption of this course Congress has wisely acted will, as I think, be clear to all who shall carefully study the following facts: Taking the whole Union together, the average rate of interest paid by its taxpayers is not less than 15, if even less than 20 per cent. In New England, where institutions of credit and circulating notes abound, it is greatly less than this. In the Central States, where such institutions are more rare, and where circulating notes are much less freely supplied, it must exceed one per cent. per month. In the South, West, and Southwest, where such institutions have little or no existence, and where circulating notes are consequently scarce, it is greatly more than any of the figures I have named.* Those who pay these enormous rates of interest are the real parties liable, each in proportion to his means, for a debt of more than $2000,000,000, for which the Treasury stands indorser. So long as that indorsement shall be continued, they can have the loan at 5 or 6 per cent.; but when the indorsement is withdrawn the share of each individual enters into the general category of his debts, paying the rate of interest at which he is accustomed to have his needs supplied—the average of all being not less than thrice the rate of the public debt. Such being the case, it becomes clearly obvious that the various schemes which have been propounded in reference to early extinction of the debt are merely contrivances by means of which the rich are to be made richer at the expense of their poorer neighbors.

Adding now to this, that simultaneously with this enormous withdrawal of capital from the real producers of the land, there was to be a withdrawal of nearly the whole medium of circulation, we have before us a scheme of spoliation of the poor for the benefit of the rich the parallel of which cannot be found in the history of any commercial nation of the world.

§ 2. The Secretary's theory in reference to the currency, as has been shown, is in direct conflict with his practice; the former most earnestly teaching that the need for circulating notes everywhere exists in the *inverse* ratio of the use of checks, drafts, and other machinery for economizing money of every kind; the latter, on the contrary, furnishing notes in the *direct* ratio of the existence of that superior currency which, as the Secretary himself informs us, everywhere tends to supersede the note. So too, as will now be shown, is it with reference to the public debt, his teachings being in the direction of maintaining inviolate the public faith, the tendency in the opposite direction of the public mind becoming, and that necessarily, more and more rapid as his policy is more fully carried out.

Seeing clearly that such *is* the present tendency, and correctly appreciating "the great interest and alarm excited by the doctrines recently promulgated," the Secretary has, in his Reports, devoted much space to lectures on the absolute necessity for paying the debt in gold, both principal and interest. Replying thereto, Congress might, my dear sir, with great propriety ask of him to show how far his own measures in the past had tended toward diminishing the amount of interest now to be paid; toward lessening the present burthen of the debt; toward increasing the general power to contribute to the revenue; toward strengthening the hands of that loyal portion of our people to which we had been indebted for suppression of the rebellion, and to which alone the holders of our public securities can now, or in the future, look with any confidence for disposition to carry into full effect the contracts of the war. Admitting that this were done, let us now look to see what are the figures that must be given in the reply that would then be made.

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* Even in Philadelphia an allowance of *one per cent. per month* fails to draw, within the first nine months of the year, more than two-thirds of the taxes on real estate. Failure throughout the year to profit of this large discount is followed by penalties, and yet the journals of the day show that more than 10,000 persons are at this moment in default. In estimating the average interest paid throughout the country, it is proper to take into consideration the great difference between the prices at which purchases of food and clothing may be made for cash, and those which must be paid by those who buy on credit.

In October, 1865, the total debt was $2,808,549,000, of which $1,162,000,000 were payable in gold. The total interest was $133,000,000, of which $67,000,000 were gold, and $66,006,000 currency. Admitting now that the character of the debt had remained unchanged, and taking the price of gold at 140, the quantity of lawful money to-day required for payment of interest on that amount of debt would not exceed $150,000,000.

In October last the debt stood at but $2,505,000,000, the gold portion of which had grown to $2,083,000,000. Three hundred millions less in quantity it now requires for interest nearly $130,000,000, being but $3,000,000 less than had been needed before reduction of the principal had been commenced. Of this the gold portion is $123,000,000, being, at 140, the equivalent of $173,000,000 lawful money. Adding now to this the currency portion, say $7,000,000, we obtain as the total amount of lawful money this year required for satisfaction of claims for interest no less a sum than $180,000,000, being $30,000,000 more than had been needed when the debt, as stated by the Secretary himself, had been $300,000,000 greater. Adding further the interest on these $300,000,000, we obtain $198,000,000 as the amount now payable by individuals or the State on the same amount of debt which had existed at the date of the decree which announced "contraction" as being the order of the day; and by means of which confidence, public and private, has been destroyed, and the societary movement so thoroughly paralyzed that the payment of even half of this enormous amount would be far more burthensome than would have been that of the whole on the day on which the Secretary entered on his most destructive career. In all other countries the public credit improves with diminution of the need for loans. Here, under our admirable system of finance, it seems, on the contrary, to deteriorate as the debt is more and more diminished.

The remarkable fact is thus presented, that precisely as the paralysis becomes more general—precisely as labor and all its products fall in price—precisely as lawful money becomes more valuable in the hands of those who hold it—precisely as it becomes less and less attainable by those who need to get it—precisely as taxation becomes more and more burthensome—precisely as these phenomena become more general throughout the land—the quantity of lawful money required for satisfaction of the claims of bondholders increases; the poor being thus made poorer while the rich are being made richer, and banks, bankers, and treasury agents building palaces, while mills and mines are being closed, and working men and women deprived of power to obtain either the food or the clothing required by their families and themselves.

On an average the prices of labor and its products are at least a third less than had been the case at the date on which the Secretary announced to Congress and the people his determination to enforce "contraction." The $180,000,000 lawful money of to-day would therefore purchase almost as much as could have then been bought with $300,000,000. As but half this latter sum, or $150,000,000, was then required, it is clear that the burthen of taxation for payment of interest has, except among the bondholders themselves, by means of the Secretary's policy been nearly doubled. Hence it is that the cry has become so general for discharge of the principal in lawful money! Hence it is that the word repudiation is now so freely used! That it shall soon become universal all that is needed is that the Secretary be allowed by Congress to proceed in the substitution of gold bonds for greenbacks, and for all other securities that make no demand for gold, whether for principal or interest.

Were it not for his profession of desire to maintain the public faith there would be good reason for believing that, determined upon bringing about repudiation, he had arrived at the conclusion that the shortest road thereto lay in the direction of making the debt from day to day more burdensome. Certain it is that had such been his wish, he could have chosen no better course of operation than that so consistently pursued almost from the hour that he was so unfortunately placed in the direction of the national finances.

How this tends to produce the present demand for gold and bonds for exportation will be shown in another and concluding letter, and meanwhile I remain,

Yours very respectfully,

HENRY C. CAREY.

Gen. U. S. Grant.
Philadelphia, January 13, 1868.

LETTER ELEVENTH.

DEAR SIR:—

1. Thus far the Secretary's measures have all looked in the direction of diminishing the machinery of circulation, diminishing the productive powers of the nation, and destroying both individual and national credit; and therefore is it that now, after nearly four years of peace, the Treasury is paying interest at a rate more than twice greater than that paid by England or by France — a rate nowhere paralleled among nations with any real claims to rank as civilized. As a consequence of this our institutions of credit invest their means in Treasury bonds where before the war they would have been applied to meeting the demands of commerce. As a further consequence, thousands of individuals have withdrawn themselves from the active pursuits of life, finding it more profitable, and freer from risk, to accept in the form of interest returns almost as large as were before obtained by those engaged in manufactures or in trade. Maintenance of the bank monopoly enables stockholders to obtain dividends varying between 12 and 25 per cent.; and thus, look where we may, we find the whole Treasury power to have been, and now to be, exerted in the direction of enriching the already rich, while depleting those who need to labor, those to whom it had been almost entirely indebted for the means by aid of which there had been successful prosecution of the war. With every step in this direction luxury increases and importations from abroad tend more and more to make demand for all the gold we mine and all the bonds we fabricate. With each there is a growth of absenteeism making demand, for expenditure in foreign countries, of more of the proceeds of the few commodities we have for export. Such is the result at which we thus far have arrived, a single presidential period employed by the Treasury in producing financial convulsions having done more towards the production of a great moneyed aristocracy, having interests wholly opposed to those of the people at large, than could have been the case had all that time been employed in civil war.

So long as almost millions of men had been employed in consuming food, clothing, and other commodities, while producing nothing, farmers, mechanics, miners, and workingmen of all descriptions, could have the use of credits, circulating notes, and all other of the machinery of circulation, at moderate rates of interest. With return of those millions to production there should have been increase of individual and national credit, enabling those who laboured to obtain the use of circulating notes at constantly diminishing cost; and yet, so far is this from being the case that the average rate thereof is now rapidly obtaining the height at which it had stood before the war, with constantly increasing necessity for return to the practice of buying and selling on credit which had then so universally existed. Why is this? Let us see!

At the date of the creation of the existing bank monopoly eleven States were out of the Union, while others were in a state so disturbed that their people were wholly unable to avail themselves of its provisions, and thus to establish among themselves institutions of credit such as, under State laws, had previously existed. Since then peace has been restored; new States and Territories have been organized, and old States have been readmitted; Pacific railroads have carried population through a country of immense extent that before had been unoccupied; and thus the field throughout which there now exists demand for institutions of credit, and for machinery of circulation, has become at the least thrice, and probably four times, greater than it then had been. To a large extent this change had occurred before the Secretary's declaration of financial war issued from Fort Wayne in 1865—that declaration to which we stand indebted for nearly all the financial trouble that has since existed.

Common sense and common honesty at that moment demanded of the Fed-

eral Government removal of all restrictions by means of which the people of the States and Territories south and west of the Hudson had been to so great an extent deprived of power to create for themselves institutions of credit and machinery of circulation, and so almost entirely made dependent for this latter on the extreme North and East. Had their demands been acceded to, had justice been done, and had the monopoly then been terminated, there would have arisen throughout all that vast territory a demand for Treasury bonds to be deposited in the Treasury itself as security for circulation, to the extent of at least $300,000,000, *thereby so far diminishing the necessity for sending them abroad as would have made a difference of little less than that entire sum in the price received for those that needed to be exported.* The man who *must* go to market *must* pay the cost of getting there, whether his commodity be corn, cotton, or bonds, and there is no commodity that so much as these latter is affected by any increase in the quantity forced upon the market. Every step of our finance minister tended to produce such increase, and hence it is that the position in which, so far as regards rates of interest, we at this moment stand so nearly approaches that of the least civilized portion of the European world.

While thus by destroying the domestic market doing all in his power to increase the export of bonds, nothing has been omitted that could tend to diminish their money value in the eyes of foreigners. The greater the work to be accomplished, the less, as it seemed, must be the time allotted for having it done. Hundreds of millions of bonds were forced upon the market having but three years to run. Hundreds of other millions, bearing no interest and payable only at the pleasure of the government, were forthwith to be extinguished. Hundreds of millions of three year bonds were then to be replaced by others redeemable at the pleasure of the government at the end of five years' grace. With each and every step in these directions taxes became more and more onerous and discontent more universal, and so must they continue to do until at last we shall see the people arrive, despite all honest resolutions, at final repudiation of the debt.

2. Of all maxims the greatest is that brief one which teaches that to move gently is to move safely—*festina lente.* Had the Secretary properly appreciated its value he would have desired, as far as possible, to relieve the present generation from burthens created by the war—promoting the circulation of labor and its products while postponing to a distant period payment of the debt itself, and offering the best security in his power so as to enable him most largely to reduce the rate of interest for both the people and the State. Had he so appreciated it he would have seen the great States of Europe obtaining money at low rates of interest by means of creating securities running for the longest periods, and not liable to be disturbed, and must have then been led to imitate their example. Had he so appreciated it, he would have said to Congress, that a security not liable to be paid off without consent of the holders, bearing interest at the rate of five per cent., and subject to a tax of ten per cent., could be sold far more readily than another bearing the same interest, free from tax, but liable to be paid off at the end of even thirty years.

The question of payment, whether in gold or paper, would by this process have been at once placed out of view, no holder of a bond being required to surrender it except on terms agreeable to himself.

The question of taxation of bonds, now so freely used in political warfare, would likewise have been settled.

On such terms the amount required for annual interest might have been reduced to $110,000,000, one-tenth of which would have gone to a sinking-fund by aid of which the whole debt would, before the close of half a century, have been extinguished.

Such, and better even than this, might have been the arrangement with public creditors had the Secretary sought to do even justice to them and to taxpayers as in duty he was bound to do. Directly the reverse of this, the whole period of his administration has been characterized by a determination to benefit those who had money to lend, interest and commissions to receive, at the cost of those who had taxes and interest to pay, and labor to sell. With every step in this direction there has been such an increase in the power of public creditors that it is this day thrice greater than it was four years since when

the Treasury was surrounded with hungry claimants for settlement of their accounts. Then, less that two-fifths of the public debt could make demand for gold. Now, with exception of the calumniated *greenback*, nearly the whole has been so changed in form that the Treasury can make no claim for reduction of interest until it shall be prepared to offer payment in gold to all dissentients. Between bank monopolists on one hand, and bondholders on the other, it is, therefore, in a state of helplessness so pitiable as fully to account for the utter absence of faith in our financial future which now prevails, and which causes the present exorbitant demands for interest. Banks cannot be compelled to resume until the Treasury shall be prepared to furnish gold for every greenback that may be presented for redemption. Bondholders cannot be compelled to accept low interest until the Treasury shall be enabled to offer gold in payment for the bonds already matured. In this state of things we are assured that if we will only resume, *and thereby double the already large demand for gold*, we shall be enabled to sell our bonds at lower rates of interest!

The first step towards resumption is to be found in relieving the Treasury from the double thraldom which now exists. It must be enabled to dictate law to both banks and bondholders, doing equal and exact justice to all, creditors and debtors, borrowers of money and lenders of it. To that end, the bank monopoly should be abolished, thereby creating a domestic demand for bonds. Next, we need to see the creation of a security bearing lower interest, and of such character as would enable the Treasury to say to existing bondholders that they now must choose between accepting it, *or payment*.

Such a security would be found in a six per cent. bond subject to a tax of 10 per cent., and having forty or forty-five years to run, by the end of which time, *the proceeds of the tax would have paid the debt*. Bonds deposited by banks and bankers with the Treasury might be further taxed one per cent.; and this would soon yield a further sum of five or six millions that might be so applied. Bonds thus provided for could be sold at par for gold, and the Treasury would thus be enabled to relieve itself at once from that control of public creditors which now exists, while at the same time freeing itself from all need for collecting taxes beyond the moderate sum that, as we have reason to hope, will be required for meeting current demands upon it. Thenceforward there would be peace in the financial world.

To the one who might object to this as doing too much for the public creditors the answer would be, that the loss to our whole people resulting from the paralysis produced by the present hopeless Treasury dependence counts annually by hundreds of millions; that all arrangements thus far suggested have proved failures, and for the reason that they have involved violations of the public faith; and finally, that every dollar thus withdrawn from the Treasury in excess of the amount demanded by even the most favorable of them would be more than tenfold made up in the increased power of production resulting from the feeling of confidence that would be produced.

At the present moment the average *public* indebtedness, of our whole population, exceeds $60 per head. Twenty years hence, to all appearance, it will not, even if undiminished, exceed $30—the power per head, to pay it having meantime more than doubled. To hesitate, under such circumstances, about making with the public creditors such fair and liberal terms as at once to command their confidence and respect would be an act of folly so great that it would be difficult to find words in which to characterize it. The more thoroughly honest a man shows himself the smaller is always the cost at which he can command the service of the capital he needs to use.

3. The Sun and the Wind had once, as Æsop tells us, a dispute as to which of them could soonest compel the traveller to lay aside his cloak, and unable otherwise to decide the question they finally concluded to bring it to a practical determination. Mr. Wind taking precedence, he blew and blew, but the louder his roar the closer became the grasp of the traveller upon his outside garment. Despairing finally of accomplishing his object, he now gave place to Mr. Sun, under the influence of whose beams the hold upon the cloak was gradually relinquished, and at length abandoned altogether.

Studying now our operations for the past three years we find Mr. Wind to have been steadily at work, treasury threats of contraction having kept nearly even pace with popular threats of repudiation; editorial threats of forced re-

sumption having gone hand in hand with an absenteeism which makes demand for all the gold we mine and all that we import; increase of the public burthens travelling side by side with diminution of power for carrying the load imposed; and the general result being that of causing every man who has anything to lose a desire to draw his cloak more closely round him, and to retire into some nook or corner of the commercial world in which he may safely stand until convinced that Mr. Wind and his companions, Clouds and Darkness, had finally abandoned the field, yielding place to the great source of light and heat, the Sun, to whom he might then look to see—

That justice be done to the people of all the States and Territories, placing them, so far as institutions of credit are concerned, and so far as law can accomplish that object, on a footing precisely the same as that now occupied by those of the Eastern States:

That justice be done to the commerce of the Union by bringing all such institutions under regulations tending to produce that regularity of action which so long has characterized the movements of those of the Eastern States:

That justice be done to such institutions wherever situated, by relieving them from taxes, and from absurd restrictions now existing, the direct effect of which is that of compelling them to overtrade and to incur risks the results of which are likely to result in ruin to their stockholders:

That justice be done to the working men who carried the country through the war, by abolishing as rapidly as possible the taxation under which so many of them now so severely suffer:

That justice be done to the public creditors, thereby securing the command of capital at the lowest rate of interest; and finally,

That justice be done to the nation by proving to the world that in time of peace it is ready to carry into full effect the arrangements that during the war so well were understood.

With little exception the things thus proposed to be done are precisely the reverse of those which have been done since the peace, and to which we are indebted for the fact that the needs of the government for gold have been more than doubled, and, strangely enough, *as preliminary to resumption*. Let them be done, and it will soon be found that the needs, public or private, for gold will gradually decline until at length the greenback and the gold piece will stand on a level with each other, doing this as a consequence of an infusion of the superior currency of notes similar to that which now exists in Massachusetts, *the State which always pays gold, because none of her citizens need it.*

The course thus proposed would speedily extinguish the debt, doing this by means of a saving of interest consequent upon giving security of the highest order, as is always done by the great European States. Giving us peace it would inspire a confidence that would so stimulate production that taxation might soon cease to exist except in cases where its burthens are scarcely felt. Reducing the general rate of interest it would place our people more nearly on a level, in this respect, with those of Europe, and thus would largely contribute towards giving us that industrial independence without which there can be no political independence.

Sincerely hoping that such may prove to be the case, and begging you to excuse my repeated trespasses on your attention, I remain, with great regard and respect,

Yours very truly,

HENRY C. CAREY.

Gen. U. S. Grant.
Philadelphia, January 13, 1869.

P. S. January 19.—The Senate Finance Committee has just now reported a bill nominally providing for resumption, but really for sacrificing all who have interest to pay, or labor to sell, at the shrine of those who have money to lend or labor to buy. Its true title would be—"An act providing for doubling the rate of interest throughout the country; for making the rich richer and the poor poorer; for bankrupting the people and the State; for postponing indefinitely a return to use of the precious metals; and for effectually securing repudiation of the national debt."

HOW PROTECTION, INCREASE OF PUBLIC AND PRIVATE REVENUES, AND NATIONAL INDEPENDENCE, MARCH HAND IN HAND TOGETHER.

REVIEW

OF THE

REPORT OF THE HON. D. A. WELLS,

SPECIAL COMMISSIONER OF THE REVENUE;

BY

H. C. CAREY.

PHILADELPHIA:
COLLINS, PRINTER, 705 JAYNE STREET.
1869.

PROTECTION AND REVENUE, PUBLIC AND PRIVATE.

DEAR SIR:—

Your report just now published contains a passage to which I desire here to invite your attention, as follows:—

"As respects the relation of legislation by the national government to the results under consideration, if we except the adoption of a liberal policy in the disposition of the public lands, it is difficult, at least for the period which elapsed between 1840 and 1860, to affirm much that is positive, unless, in conformity with the maxim, that that government is best which governs least, absence of legislation is to be regarded in the light of a positive good. If important results followed the acquisition of California, such results were certainly neither foreseen nor anticipated; while as regards commercial legislation, a review of all the facts cannot fail to suggest a doubt whether the evils which have resulted from instability have not far more than counterbalanced any advantage that may have proceeded from the experience of a fluctuating policy.

"The Commissioner is well aware that this opinion will not be readily accepted by those who have been educated to believe that the industrial and commercial prosperity of the country was seriously affected by the legislation which took place during the years which elapsed from 1842 to 1846. But upon this point all investigation shows that the facts are entirely contrary to what may be regarded as the popular belief, which, indeed, in this particular, would appear to be based on little else than mere assertions, which, remaining for a long time unquestioned, have at last acquired historical truth. Thus, for example, it has been constantly asserted, both in Congress and out of Congress, that the production of pig iron was remarkably stimulated under the tariff of 1842—rising from 220,000 tons in 1842 to 800,000 tons in 1848—and that under the tariff of 1846 the same industry was remarkably depressed. Now, these assertions may be correct, but the most reliable statistics to which we have access, viz: those gathered by the American Iron Association, instruct us as follows:—

"Production of pig iron in 1830, 165,000 tons; in 1840, 347,000 tons. Increase in 10 years, 110 per cent.

"Production in 1845, 486,000 tons; increase in 5 years, 40 per cent.

"Production in 1850, 564,000 tons; increase in 10 years, 62 per cent.

"Production in 1855, 754,000 tons; increase in 5 years, 33 per cent.

"Production in 1860, 913,000 tons; increase in 10 years, 61 per cent.

"It thus appears that the great annual increase in the production of pig iron took place prior to the year 1840, and for 30 years was remarkably uniform at the rate of 10 to 11 per cent. per annum; and that since then, no matter what has been the character of the legislation, whether the tariff was low or high, whether the condition of the country was one of war or peace, the increase of the production has been at the average of about 8 per cent. per annum, or more than double the ratio of the increase of population.

"Again, as another curious illustration of an apparent misconception of the effects of past legislation upon the development of the country, take the following paragraph from the recent report of a Congressional committee:"

"No business man of mature age need be reminded of the revulsion which followed in consequence of the free-trade system of 1846—the decline of production, of immigration, of wages, of public or private revenue, until the culmination of the system in the tariff of 1857, with the memorable crises of that period; the general ruin of manufacturers and merchants; the suspended payments of the banks; the reduction of the Treasury to the verge of bankruptcy, and the unparalleled distress among the unemployed poor."

Here follows a series of statements constructed in a manner similar to that above given in reference to iron, the object of their production being that of proving that the views of the committee thus presented had had no foundation in fact; that they had allowed themselves to be deceived by "mere assertions" on the part of others; and, that the time had now come for setting the stamp of falsehood on all they had been accustomed to believe in reference to the tariff of 1846, and for obtaining such accurate views of the last twenty years of our commercial history as might be entitled to claim to have "the force of accepted historical truths."

To whom, however, are to be attributed the oft-repeated misstatements by which the committee had been deceived? No name is given, but you of course refer to me, the statements thus controverted having been first published over my own signature, so early as 1851, and since then many times republished; and the committee having been misled, if misled at all, by no other than myself. To me, therefore, it is that you have thus thrown down the glove, and I now take it up prepared on the one hand to prove the accuracy of the views you have thus called in question; or, on the other, to admit of having through a long series of years misled my fellow-citizens. Admit that such proof be furnished—that the "mere assertions" be now proved to be real "historical truths" fitted for even your own acceptance, where, I beg to ask, will you yourself then stand? Should it chance to be proved that it is not I that am required to impale myself on the horns of a dilemma which leaves but a choice between the admission of gross carelessness on the one hand, or grosser dishonesty on the other, does it not follow necessarily that you must be compelled to take the place you had prepared for me, and thus furnish yourself the proof required for establishing the fact that you are wholly disqualified for the office of public teacher? As it seems to me, such must be the case.

Leaving you, however, to reflect at leisure on the questions thus propounded, I propose now to analyze the "historical truths" of your report, first, however, giving a brief history of our tariff legislation for the last half-century, as follows:—

The revenue tariff period which followed the close, in 1815, of the great European war, was one of great distress both private and public. Severe financial crises bankrupted banks, merchants, and manufacturers; greatly contracted the market for labor and all its products; so far diminished the money value of property as to place the debtor everywhere in the power of his creditor; caused the transfer of a very large portion of it under the sheriff's hammer; and so far impaired the power of the people to contribute to the revenue that, trivial as were the public expenditures of that period, loans were required for enabling the Treasury to meet the demands upon it. With 1824, however, there came a partial attempt at remedy of the evils under which our whole people were then so severely suffering, a tariff having been then established under which pig iron and potatoes were abundantly protected, pipes and penknives being admitted at moderate ad-valorem duties. The rude products of agriculture were, in effect, prohibited from being imported in their original forms, but when they presented themselves in those of cotton and woollen cloths little difficulty was found. Slight was the benefit resulting from such a measure, yet benefit did result, and hence it was that it came so soon to be followed by the admirable tariff of 1828, the first really protective one ever established by Congress. Under it all was changed, and with a rapidity so great that but five years of its

action were required for giving to the country a prosperity such as had never before been known; for so increasing the public revenue as to render necessary the emancipation from import duties of tea, coffee, and many other articles the like of which was not produced at home; for taking thus the first step in the direction of *real* freedom of external commerce; for finally annihilating the public debt; and for causing our people to forget the state of almost ruin from which they had been redeemed by the combined action of the tariffs of 1824 and 1828.

Northern submission to Carolinian threats of nullification next gave us the Compromise of 1833, by means of which the country was, within the next decade, to be brought under a strictly revenue tariff of 20 per cent. The South needed cheap food, and did not, therefore, desire that Western farmers should make a market at home which might tend to raise its price. Most generously, however, it permitted protection to remain almost untouched, until the first of January, 1836, and how gradual were the changes then and for several years thereafter to be made, will be seen from the following figures representing the duties to be paid on an article that had stood originally at 50 per cent.:

1829–33	1834–5	1836–7	1838–9	1840–41	1842 to June 30	thereafter
50	47	44	41	38	29	20

For the first two years general prosperity continued to be maintained. Thereafter, however, we find the whole period of its existence presenting a series of contractions and expansions ending in a state of weakness so extreme that bankruptcy was almost universal; that labor was everywhere seeking for employment; that the public credit was so entirely destroyed that the closing year of that unfortunate period exhibited the disgraceful fact of Commissioners, appointed by the Treasury, wandering throughout Europe and knocking at the doors of its principal banking houses without obtaining the loan of even a single dollar. Public and private distress now, August, 1842, compelling a return to the protective system we find almost at once a reproduction of the prosperous days of the period from 1829 to 1835, public and private credit having been restored, and the demand for labor and its products having become greater than at any former period.

Again, however, do we find our people forgetting that to the protective policy had been due the marvellous changes that were then being witnessed, and again, 1846, returning to that revenue tariff system to which they had been indebted for the scenes of ruin which had marked the periods from 1817 to 1828, and from 1835 to 1842. California gold now, however, came in aid of free trade theories, and for a brief period it was really believed that protection had become a dead issue and could never be again revived. With 1854, however, that delusion passed away, the years that followed, like those of the previous revenue tariff periods, having been marked by enormous expansions and contractions, financial crises, private ruin, and such destruction of the national credit that with the close of Mr. Buchanan's administration we find the treasury unable to obtain the trivial amount which was then required, except on payment of most enormous rates of interest.

Once again, 1861, do we find the country driven to protection, and the public credit by its means so well established as to enable the treasury with little difficulty to obtain the means of carrying on a war whose annual cost was more than had been the total public expenditures of half a

century, including the war with Great Britain of 1812. Thrice thus, under the tariffs of 1828, 1842, and 1861, has protection redeemed the country from almost ruin. Thrice thus, under the revenue tariffs of 1817, 1833, and 1846, has it been sunk so low that none could be found "so poor to do it reverence." Such having been our experience throughout half a century it might have been supposed that the question would be regarded now as settled, yet do we find an officer of the government whose special duty it has been made to inquire into all the causes affecting the public revenue, and who has had before him all the evidence required in proof of the above "assertions," now venturing to assure Congress and the people that—

"There does not seem to be any reliable evidence which can be adduced to show that the change which took place in the legislative commercial policy of the country in 1846 had any permanent or marked effect whatever; while, on the other hand, the study of all the facts pertaining to national development from 1840 to 1860, and from 1865 to the present time, unmistakably teaches this lesson; that the progress of the country through what we may term the strength of its elements of vitality is independent of legislation and even of the impoverishment and waste of a great war. Like one of our own mighty rivers, its movement is beyond control. Successive years, like successive affluents, only add to and increase its volume; while legislative enactments and conflicting commercial policies, like the construction of piers and the deposit of sunken wrecks, simply deflect the current or constitute temporary obstructions. In fact, if the nation has not yet been lifted to the full comprehension of its own work, it builds determinately, as it were, by instinct."

How much of truth there is in all this, and what has been your warrant for making such "assertions" it is proposed now to examine, commencing with the iron manufacture.

Yours respectfully,

HENRY C. CAREY.

Hon. D. A. Wells.

January 23, 1869.

LETTER SECOND.

Dear Sir:—

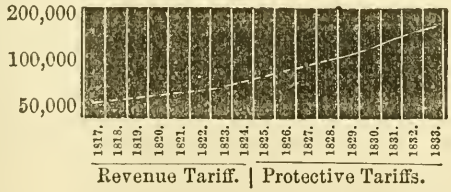
In accordance with the promise in my last I now proceed to an examination of *the Iron Question*, basing the statements here to be made on facts collected by myself in 1849, and now adopted, so far as they were found available for your purposes, by yourself.

In 1810, prior to our second war with England, our furnaces numbered 153, with an average yield of 36 tons, giving a total produce of 54,000 tons. Protection afforded by the war caused a considerable increase, but there exist no reliable statistics in regard thereto. Peace in 1815 was followed by the, so called, revenue tariff of 1817, and that in turn as is so well known, by the closing of factories and furnaces; by the ruin of manufacturers and merchants; by the discharge of workmen everywhere; by the stoppage of banks; by the bankruptcy of States; by the transfer under the sheriff's hammer of a large portion of the real estate of the Union; and, by an impoverishment of our whole people general beyond all former precedent. The demand for iron had so far ceased that the manufacture was in a state of ruin so complete that not only had it lost all that it had gained in time of war, but had, as was then believed, greatly retrograded. In placing it, as I now shall do, near the point to which, by aid of non-intercourse and embargo acts,

it has been brought in 1810, I am, as I feel assured, doing it entire justice.

Such, with little change, continued to be the state of things until the passage of the semi-protective tariff of 1824, described in my former letter. By it full protection was granted to pig, bar, bolt, and other descriptions of iron, as well as to some of the coarser kinds of manufactured goods, the demand for iron being thus so far stimulated that the old furnaces were again brought into activity, others meanwhile being built; and the product being, by these means, carried up in 1828 to 130,000 tons, giving a duplication in the short period of four years, or 25 per cent. per annum. Two years later, under the tariff of 1828, it had grown to 165,000 tons, and by 1832 it had reached 200,000, if not even more, having thus trebled itself in the eight years which had followed the passage of the Act of 1824.

As nearly as may be the whole movement from 1817 to 1832 is presented in the following diagram, having examined which you may perhaps explain to what extent it furnishes material for the confirmation of your "assertion" that "the progress of the country through what we may term the strength of its elements of vitality is independent of legislation?" The history of the world presents no case of greater change as the result of sound legislation than will be found by those who study carefully the impoverished and unhappy condition of the country in the years that preceded 1824, and then compare with it the marvellous prosperity that marked the period of the thoroughly protective tariff of 1828.



2. By the Act of 1832 tea, coffee, and many other articles, railroad iron included, were made free of duty, this last a serious blow to the then rapidly growing iron manufacture. As a consequence of this it was that England had, until after the passage of the tariff act of 1842, an entire monopoly of its supply, by aid of which she had then already imposed upon our people a taxation far greater than would, had it been so applied, given us furnaces and rolling mills capable of furnishing thrice more in quantity and value than Great Britain then produced of iron in all its varied forms. One year later, in 1833, came the Compromise tariff dictated by South Carolina, looking eventually to the establishment of a purely revenue system, but for the moment making changes so very gradual that its deleterious influence remained almost unfelt until after 1835. The production of iron continued, therefore, to increase in the three years which followed 1832, but it has been quite impossible to obtain any reliable statements in regard thereto; and for that reason it is, that in all tables hitherto furnished the whole of *that* growth has been credited to the revenue tariff policy, when it had properly belonged to the protective one.

For 1840 the product of iron is given at 347,000 tons, showing a gain of 147,000 in eight years from 1832, much of which, however, certainly resulted from the protection afforded from 1832 to 1836.

With 1841 there came, however, as already shown, the fifth reduction of duty under the Carolina nullification tariff of 1833, bringing with it, too, a close proximity of the horizontal twenty per cent. tariff that was to take effect in 1842–3. With each successive day, therefore, the societary movement became more completely paralyzed until there was produced a state of things wholly without parallel in the country's history, and even exceeding that of the revenue tariff period of 1817. The country swarmed with men, women, and children reduced to beggary because of finding no employment, owners of mills and mines meantime reduced to bankruptcy because of finding little or no demand for any of their products. Banks stopped payment and seemed unlikely ever again to reach resumption. States made default in payment of their interest, the national treasury meanwhile begging at home and abroad, and begging, too, in vain, for loans at almost any rate of interest.

How all this affected the iron manufacture is clearly shown by the following facts. Smelting by aid of anthracite had been first introduced here in 1837, and as it was an improvement of vast importance it should have rapidly extended. Nevertheless, so depressed became soon after the condition of affairs that at the close of 1841 but six such furnaces, capable of yielding 21,000 tons, had been put in blast. The cause of this may be found in the fact that Carolinian "legislation" had reduced the price in 1841 to little more than half of that at which it had stood in 1837, and had so reduced the powers of our people as to cause a diminution of consumption still greater than that of price.

As a consequence of this ruinous condition of affairs, so many furnaces were closed as to make it highly doubtful if the production were even half of what it had been two years before. That it was under 200,000 tons there is the best reason for believing, yet have I always placed it at 220,000, preferring to err against, rather than for, myself. All the facts, as now presented, have already been before you, but you have selected those alone which suited, at the same time asserting that all that had been published in reference to years the first of which are now under consideration, had been "mere assertions," entitled to none of that consideration which should be given to "accepted historical truths."

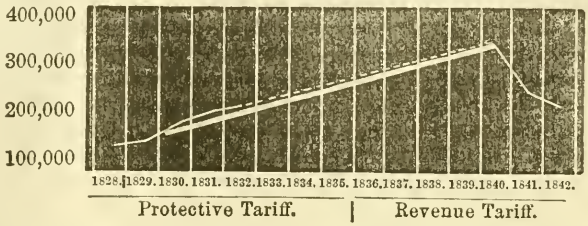
3. Whatsoever the policy of a country, whether protective or anti-protective, peaceful or warlike, the longer it is continued the more thoroughly its powers for good or evil become developed. To *the latest* years in which such policy had been maintained it was that you, therefore, were required to look when desiring to enable yourself properly to exhibit its excellencies or its defects. Have you done this? Have you given *the latest* of the years of protection, and exhibited the growth of iron production to 200,000 tons in 1832? Have you given *the latest years* of the revenue tariff system, and thus brought to light the fact that from the close of protection under the tariff of 1828 to the close of free trade under the Compromise tariff, *notwithstanding an increase of population exceeding thirty per cent., there had been scarcely any increase whatsoever?* None of these things, as I regret to say, have you done. Directly the reverse, you have *suppressed* the last years of both, to the end that you might be enabled to assure the nation that "the great annual increase of production took place prior to the year 1840," production "in 1830 having been 165,000 tons; in 1840, 347,000; increase in ten years 110 per cent."

It has been said that "figures do not lie." That they may be made to speak the reverse of truth would seem to be here most clearly shown.

Desiring now to present clearly to your eye all that has above been said of the period now under consideration, I submit another diagram presenting—

First, A light line showing *the entire facts*, giving in all cases the *figures* you yourself have used; and

Second, A heavy line exhibiting *the facts selected by you for presentation*, and exposing the process by means of which you have so carefully thrown out of view the rise, under protection, which occurred in the years subsequent to 1830, and the great fall, under the revenue tariff sytem, which occurred in the years that followed 1840.



Few, as I think, can study the picture thus presented without admitting the ingenuity with which your selected facts had been arranged. Whether or not they will as much admire the fairness of the presentation, it will be for time to tell.

In another letter I propose to review the movement under the protective act of 1842, and the revenue tariff act of 1846.

Yours, respectfully,

HENRY C. CAREY.

Hon. D. A. Wells.
Philadelphia, January 26, 1869.

LETTER THIRD.

Dear Sir:—

The tariff of 1828 which was, as the country had been assured, almost to destroy the revenue, had, on the contrary, proved so very productive as to make it necessary wholly to emancipate from duty most, if not even all, of the commodities not competing with our domestic products, and had thus furnished conclusive evidence that the road towards financial independence and *real* freedom of trade was to be found in the pursuit of a policy leading to industrial independence. Further proof of this was now being furnished, the customs revenue, under what had been claimed as the true revenue system, having declined to half the amount at which it had stood in 1833, and Congress finding itself compelled, in 1841, to retrace its steps by remanding to the list of duty-paying articles a large proportion of those commodities which had been freed by the Act of 1832. Still, however, the necessary work remained undone, each successive day bringing with it new evidence of a need for total abandonment of a policy nearly the whole period of whose existence had been passed amid financial convulsions of

the severest kind—convulsions whose effect had been that of almost annihilating confidence, and thereby bringing about a state of things destructive alike of public and private revenues.

With August, 1842, therefore, we find the nation compelled to re-adoption of the protective and *real* revenue policy, followed at once by such restoration of confidence as enabled the Treasury to find all its wants promptly supplied at home. Thenceforth there was found no necessity for humbly knocking at the doors of foreign bankers, praying for relief. For the general restoration of confidence, however, much time was needed, ruin having been so widely spread as to make it indispensable that a bankrupt law should be enacted by means of which hosts of ruined merchants, miners, manufacturers, ship owners, land owners, might once again be enabled to get to work and seek the means by aid of which to repair their fallen fortunes. Mills and mines, too, needed to be repaired preparatory to setting laborers once again at work, and it was in such labors that the first year of the new policy was passed. Still another year was required for enabling the returning prosperity to make its way to the coal region, and it was not until the summer of 1844 that the men who had given their millions to its development became at length enabled to see reason for hope that they might at an early period be released from the burthen of debt imposed upon them in the revenue tariff period.* Thenceforth, however, all moved rapidly, new mines being opened, numerous furnaces being erected, and a rolling-mill for rails now for the first time making its appearance on the American soil. Throughout the long period of a dozen years British iron-masters had, by means of our own disastrous legislation, been secured in a monopoly of the control of supplies of rails, but the time had now come for obtaining that *real* freedom of trade which always results from the exercise of power to choose between buying at home or seeking supplies abroad.

The furnaces that in 1840, when pig had fallen to little more than half the price of 1837, had yielded but 347,000 tons, were now being driven to their utmost capacity, estimated at 450,000 tons, but, as there is good reason for believing, not less than 430 000

To this we have here to add—

First, the produce of 8 new anthracite furnaces blown in from 1841 to 1844 inclusive, with a capacity of . .	40 000
Second, that of 52 new charcoal furnaces capable of yielding	52 000†
Third, enlargements of old furnaces, estimated at .	35 000
Total capacity at the close of 1844	557 000

The actual produce of 1845 is given by you at 486,000 tons, but there exists no certain evidence in reference thereto, and I feel assured that it must have exceeded half a million. So great was then the demand for iron of all descriptions that, notwithstanding the large increase of domestic product, the import of 1844 and 1845 rose to 212,000 tons, ex-

* Note.—Coal and iron are always last to feel the changes after a financial revulsion. In the present case, nearly two full years elapsed before there occurred any movement of property in the anthracite coal region. In proof of this it may be mentioned that in the early summer of 1844 it had been suggested to Boston capitalists that for the small sum of $3,000,000 they might be enabled to become owners of a full half of that region, together with improvements the cost of which had been probably five times that sum.

† The number of charcoal furnaces started in these years, in Pennsylvania alone, was 26. As many more are here estimated for all the remainder of the Union, but the real number was probably much greater than this.

ceeding by more than 25 per cent. that of the revenue tariff years 1842 and 1843.

To the quantity above obtained we have next to add as follows :—

Eighteen anthracite furnaces blown in in 1845 and 1846, with a capacity of	tons 84 000
Eighty two charcoal furnaces capable of yielding . .	82 000
Enlargements estimated at	35 000
Giving a total of	201 000

which added to the 557,000 already obtained makes a grand total of 758,000, or within seven thousand of the estimate then furnished by the Secretary of the Treasury, thus confirming the accuracy of the views that have heretofore been presented by myself.

Nominally, the tariff of 1846 became operative at the close of that year, but such was the general prosperity, greatly increased as it was by a demand for food created by the Irish famine—a demand that caused in that year an import from Europe of gold to the immense extent of $24,000,000—that its operation was almost entirely unfelt. In face of a large reduction of duty the price of pig-iron rose more than 10 per cent., and every existing furnace was tasked to its utmost to meet the wonderful demand that then existed. Increase of furnaces therefore went on, no less than 11 having been blown in, in the anthracite region, in 1847 and 1848, with a capacity of tons 54 000

Adding to this, for 18 charcoal furnaces in this State, and only as many estimated for all the other States, we obtain a further capacity of 36 000

90 000

by adding which to the 758,000 of previous years we obtain a grand total of 848,000 tons, admitting therein but 70,000 for enlargements in each and every year of works previously in operation.

By no correction of these figures that can even be attempted will it be possible to reduce the quantity to 750,000. Admitting, however, that such reduction be made, there still remains an increase in five years of more than 200 per cent., population meantime having grown less than 20 per cent.

Whence, you may ask, have the facts thus given been obtained? In answer I have to say, that they have been drawn from a source to which you yourself have had the readiest access, *the Statistics of the American Iron and Steel Association*, the difference between the results obtained by you on one side, and by me on the other, consisting only in this, that whereas, I have now, as always heretofore, given all the facts; you have given only those which seemed best fitted for enabling you to prove that "no matter what had been the character of the legislation, whether the condition of the country was one of war or peace, the increase of production had been at the average rate of about eight per cent. per annum, or more than double the ratio of the increase of population." How far there exists any warrant for this extraordinary assertion in reference to the years which followed the brilliant period above described, it is proposed now to show, commencing with those of 1849 and 1850.

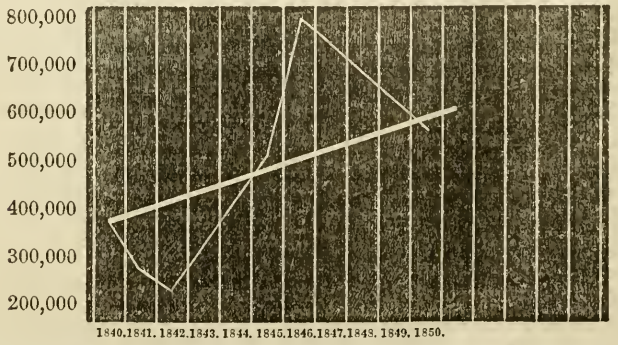
With the summer of 1848 commenced a paralysis resulting from deluge of our markets by British iron, the fiscal year 1848–9 exhibiting an import exceeding by nearly a quarter of a million tons that of 1846, and largely exceeding 300,000 tons. Then, for the first time

did the warehousing system exhibit its power for mischief, British iron masters filling the public stores with their various merchandise, and borrowing on the certificates money at the lowest rates of interest, their American competitors meanwhile piling up products upon which, while remaining on their premises, they could not borrow a dollar at any rate of interest whatsoever. For them there existed no public stores the like of those so carefully provided for their rivals, that the latter might be enabled at once to borrow nearly the whole value of their merchandise, and then apply the proceeds to the fabrication of other hundreds of thousands of tons by means of which they might, and with the smallest measure of inconvenience, be enabled to overwhelm those Americans by whom had been created the great market the control of which they were now determined to secure for themselves.

Worse even than 1848–49 was the state of things exhibited in the fiscal year 1849–50, the import having exceeded 350,000 tons, and prices having been forced down to the half of those of 1838, and but two-thirds of those at which they had stood even in the destructive year of 1841. To sell at $20 was ruinous to all but the favored few who enjoyed advantages greatly exceeding those possessed by the mass of those engaged in the manufacture. As a consequence, furnaces were closed one after another, and as early as 1849 the product was supposed to have fallen to 650,000. So steadily, however, did the work of destruction proceed that in 1850 it was fully believed that production had been reduced much below 500,000, and might not prove greatly to exceed 400,000. The actual product, as given in your report, was 564,000, furnishing proof conclusive that the production of previous years must have reached, and probably exceeded, 800,000. No one familiar with the facts of that calamitous period can for a moment hesitate to admit that the production of 1850 had been less than two-thirds of that of 1847–8; or, that to obtain the true figures of these latter years it would be required to add at the least one-half to those furnished by the former. Doing this we obtain 846,000, and that that presents more nearly than any other figure the quantity of iron actually produced in the closing years of that prosperous protective period is my firm belief.

How the great facts compare with those small ones so carefully selected by you is shown in the annexed diagram, the heavy line giving, as before, the picture presented by yourself in the following words:—

"Increase in the production of pig iron: In 1840, 347,000 tons; in 1845, 486,000; in 1850, 564,775."



Having studied the above, and having seen how very carefully you had *suppressed* the calamitous revenue years 1841 and 1842; and then again *suppressed* the wonderfully prosperous period of protection from 1845 to 1848; I beg to ask that you then read again the following paragraph of your Report, and most particularly that portion of it here given in italics, as follows:—

"The Commissioner is well aware that this opinion will not be readily accepted by those who have been educated to believe that the industrial and commercial prosperity of the country was seriously affected by the legislation which took place during the years which elapsed from 1842 to 1846. But upon this point *all investigation shows that the facts are entirely contrary to what may be regarded as the popular belief, which, indeed, in this particular, would appear to be based on little else than mere assertions, which, remaining for a long time unquestioned, have at last acquired the force of accepted historical truth.* Thus, for example, it has been constantly asserted, both in Congress and out of Congress, that the production of pig iron was remarkably stimulated under the tariff of 1842—rising from 220,000 tons in 1842 to 800,000 tons in 1848—and that under the tariff of 1846 the same industry was remarkably depressed. Now, these assertions may be correct, but," as you then proceed to prove by aid of carefully selected facts, there is really not, as you would have your readers believe, a single grain of truth to be found among them.

In my next, I propose to examine the remainder of the years that elapsed between the passage of the Act of 1846 and the breaking out of that rebellion of which latter it was the real cause.

Yours respectfully,

HENRY C. CAREY.

HON. D. A. WELLS.

PHILADELPHIA, January 28, 1869.

NOTE.

Leaving wholly out of view numerous changes made from 1842 to 1848, in the construction of furnaces with a view to increase of their capacity, the new appliances of that period, including an extensive substitution of hot for cold blast, would alone, as it is believed, much more than account for the 70,000 tons claimed under the head of "enlargements."

LETTER FOURTH.

DEAR SIR:—

In 1846, when the destructive tariff bill of that date was under discussion, Mr. Calhoun declared to persons who spoke with him on the iron question that if he could feel quite certain that rails would be supplied at *eighty dollars* per ton, he would promptly grant any amount of protection that could be asked for. At that moment the first rail mill, as has been shown, was less than two years old, and no man, or party of men, could yet feel warranted in giving any assurance to that effect. In the years that then immediately followed the progress of this branch of industry was so rapid that in 1850 the iron masters, as a body, proposed to Congress the establishment of a sliding scale by means of

which the duty should be precisely that which might be needed for keeping rails steadily at *fifty dollars*—rising as the price fell below that sum, and falling as the price advanced beyond it. Advantageous, however, as would have been such an arrangement, it fell to the ground because it did not suit the views of British iron masters who were then deluging the American market with rails made of refuse materials, to be sold at forty dollars per ton, and even, as I think, less than that, with the intent and purpose of carrying into full effect the operation thus subsequently described in a Report to Parliament, to wit:—

"The laboring classes generally, in the manufacturing districts of the kingdom, and especially in the iron and coal districts, are very little aware of the extent to which they are often indebted for their being employed at all to the immense *losses* which their employers voluntarily incur in bad times, in order *to destroy foreign competition, and to gain and keep possession of foreign markets.* Authentic instances are well known of employers having in such times carried on their works at a loss amounting in the aggregate to three or four hundred thousand pounds in the course of three or four years. If the efforts of those who encourage the combinations to restrict the amount of labor and to produce strikes were to be successful for any length of time, the great accumulations of capital could no longer be made *which enable a few of the most wealthy capitalists to overwhelm all foreign competition in times of great depression*, and thus to clear the way for the *whole trade* to step in when prices revive, and to carry a great business before *foreign* capital can again accumulate to such an extent as to be able to establish a competition in prices with any chance of success. *The large capitals of this country are the great instruments of warfare against the competing capitals of foreign countries*, and are *the most essential* instruments now remaining by which our manufacturing supremacy can be maintained; the other elements—cheap labor, abundance of raw materials, means of communication, and skilled labor—being rapidly in process of being equalized."

Such was the *warfare* then being carried out, and to what extent it proved successful it is my purpose now to show.

At the close of 1850 the receipts of gold from California had reached the then almost fabulous quantity of $68,000,000, stimulating into activity almost every branch of trade and manufacture; and yet, it was at that moment that the representatives of the most important of all manufactures were begging of Congress to give its assent to a bill providing *that full supplies of railroad bars should be forever secured to our people at prices less than they had paid for mere pigs but thirteen years before!*

The refusal of that body to give its assent to this most moderate proposition was of course equivalent to giving sanction to continuance of the war whose objects are above so well described, the result having been that while gold was coming in from the West at the rate of a million of dollars per week, iron flowed in from the East until, in all its various forms, the joint import of 1853 and 1854, had arrived at the extraordinary figure of *more than eleven hundred thousand tons, and at a price for pig iron but little less than that which three years before, when entering on the war, these warriors had been content to accept for railroad bars.** Their work had been done, the sacrifices had been made, conquest had been achieved, and they were now enjoying the fruits, taxing the people of the Union, in these two years alone, more than $20,000,000, and probably more even than $30,000,000; thereby enabling themselves to return to their own pockets, with immense interest, the money that had been expended in subsidizing journalists, in buying

* In those years pigs sold here at $36 to $37. In 1850 large quantities of rails were supplied at $40.

railroad presidents and others, in and out of Congress, and generally in carrying on the war.

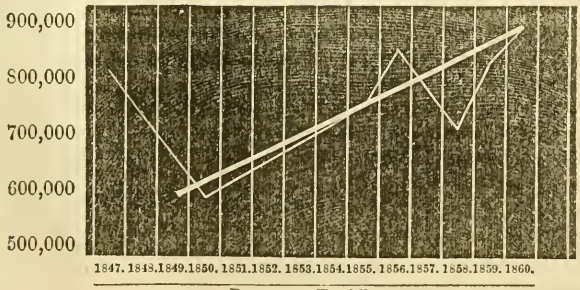
The domestic product, as has been seen, had fallen from 800,000 tons in 1847–8 to 564,000 in 1850, and at or near that figure it probably remained during 1851 and 1852, as the import in those years, of iron and its manufactures, exceeded 700,000 tons, filling to repletion the public stores, and keeping down prices to little more than those of 1850.* Prices, however, running up with great rapidity, American furnaces are now again put in blast, and the product of 1854 is carried up to 716,000 tons, being *ten per cent. less* than it had been six years previously, the population being *twenty per cent. more.* From this time forward the figures are as follows :—

1855, 754,000;	1857, 874,000;	1859, 840,000;
1856, 874,000;	1858, 705,000;	1860, 913,000.

From 1848 to 1860 population had increased *forty per cent.*, the production of iron, taking the average of those years, having remained *almost stationary;* and yet it is of this period that you speak in the following words and figures :—

"Production in 1850, 564,000 tons; increase in five years, 40 per cent. In 1855, 754,000 tons; increase in five years, 33 per cent. In 1860, 913,000 tons; increase in ten years 61 per cent;" thereby proving to your own satisfaction, if not to that of those conversant with the real facts, "that no matter what had been the character of the legislation, whether the tariff was low or high, whether the condition of the country was one of war or peace, the increase of the production had been at the average of about 8 per cent. per annum, or more than double the ratio of the increase of population."

How you had been enabled to arrive at this beautiful production of "historical truth" is clearly shown in the following diagram, the heavy line, as before, following out your figures, and the others giving the *real* facts of the case as above recounted :—



Revenue Tariff.

Professing to give a true picture of the working of the Compromise tariff, you *suppressed* its closing and most destructive years, 1841 and 1842. Professing now to furnish such a picture of the revenue tariff of 1846, you have *suppressed* the prosperous closing years of its predecessor of 1842, doing this, as it would seem, by way of enabling your fellow-citizens to determine on which side lies the "historical truth."

You have denied that "industrial and commercial prosperity," had

* Price of pigs in 1850, $20 82; in 1851, $21 35; in 1852, $22 63.

been "seriously affected by the legislation of the country in the years which elapsed between 1842 and 1846." You have denied that "the production of iron" had been "remarkably stimulated" under that tariff. You have denied that "under the tariff of 1846, that industry" had been "remarkably depressed." Allow me now to ask, not that you prove what you thus have said, but only that you furnish evidence that you had had before you any reliable evidence calculated to produce in your own mind a belief that there was in it even an approach to the real truth of the case.

2. How the national wealth was at this period being promoted will be seen on an examination of the following facts. The number of anthracite furnaces in 1854 was 77, of which 70 were in operation, and the capacity of the whole was 375,000 tons. The high prices of that and the previous year—the combined result of a re-establishment of British power, and a receipt of the precious metals averaging nearly a million per week—having stimulated our people to the erection of furnaces, we find their number to have arrived in 1856 at 92, of which 81 were then in blast and yielding 347,000 tons. Thenceforward, we find a downward movement as follows:—

Total No.		Out of blast.	Capacity.	Product.
1857	94	28	504,000	307,000
1858	94	33	505,000	280,000
1859	95	31	580,000	364,000
1860	96	27	600,000	403,000

In the rapid growth of number we have here abundant proof of the promptitude with which our people have at all times been, as now they are, prepared to meet the demand, however created, that may exist. In the number out of blast we have evidence that millions of capital and therewith tens of thousands of working men, had been deprived of power to contribute toward the public revenue. It might, however, be supposed that import from abroad had made amends for large decrease in 1858 at home. On the contrary, decline of import had kept steady pace with that of production, the quantity then received having been less than a third of that of 1854, when domestic product had been greater.

The consumption of the three years 1846, '47, and '48, *the last* of the tariff of 1842, was, as nearly as can now be ascertained, of American 2,400,000, and of foreign 330,000, giving an annual average of 910,000. That of the three years 1858, '59, and '60, *the last* of the tariff of 1846, was, of American 2,460,000, of foreign 840,000, giving a total of 3,300,000, and an annual average of 1,100,000, the increase of consumption being about 20 per cent.; population meanwhile having grown nearly 40 per cent. How those quantities were divided between transportation and production it is proposed now to show, as follows:—

The demand for railroads in the first of these periods was as follows:—

Increase of road 1200 miles, requiring at 80 tons per mile,	96,000
Iron for chairs, sidings, turn-outs, switches, bridges, locomotives, cars, depots, &c., &c., ...	48,000
Maintenance of 6000 miles of track, sidings, rolling stock, and other appurtenances, at 10 tons per mile, . .	60,000
Maintenance of 1000 miles of second track, . . .	10,000
Total, ...	214,000
Giving an annual average of, say, ...	71,000

Which deducted from 910,000 leaves for "boilers, tenpenny nails," and other instruments of production, an annual average of 839,000

For the second of these periods we have the following figures, to wit:—

Increase of road 5000 miles, as before, at 80 tons per mile, .	400,000
Sundries, as above, ...	200,000
Maintenance of 31.000 miles, as above, ...	310,000
" 6000 miles of second track, ...	60,000
Total, ...	970,000

Giving an annual average of 323,333 for railroad purposes alone.*

In the first of these the tonnage of our navigation somewhat exceeded 3,000,000. In the second it about as much exceeded 5,000,000, the *growth* exceeding that of the first by about 150,000. Of the increase in the quantity of canal boats, barges, &c., &c., we have no record, but it probably counted by hundreds of thousands of tons.

For all this *excess* new work, for the *excess* substitution of new for old, whether by the building of new boats and ships, or repair of old ones, the quantity of iron required must have been fully double that of the first period, and may be very moderately set down at 30,000 tons per annum, by adding which to the 323,000 required for railroad purposes, we obtain a joint consumption, for *transportation*, of 353,000 tons. Deducting this now from a total consumption of 1,100,000 tons, we have remaining for "tenpenny nails, boilers," and other machinery of *production* 747,000, being *eleven per cent. less* than in the former period, population having meantime become almost *forty per cent. greater*. How all this is to be made to accord with the assurance given by you to the nation, that "no matter what had been the character of the legislation, whether the tariff was low or high, whether the condition of the country was one of war or peace, the increase of the production had been at the average of about 8 per cent. per annum, or more than double the ratio of the increase of population," it is for you to show.

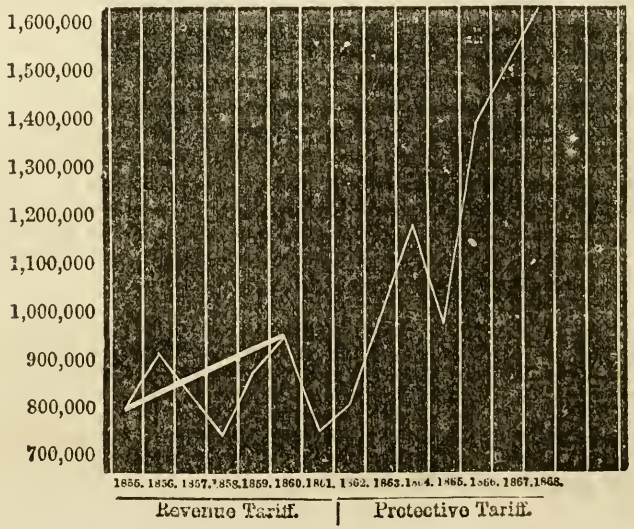
3. Of all the tests of advancing or receding civilization there is none so perfect as that which presents itself in the growing or declining consumption of iron. Such being the case an increase of 200 per cent. in *the popular consumption*, in the short period from 1842 to 1848, would seem to furnish explanation of the rapid advance in that prosperous period towards peace and harmony; the diminished *popular consumption* of the revenue tariff period which closed in 1860, in its turn, well accounting for that growing discord which led at length to a rebellion the cost of which in lives counts by hundreds of thousands, and in property by thousands of millions. Had the "legislation" of 1842 been maintained throughout the twenty years that followed, we should have had no civil war, and our total production of iron would this day exceed that of Britain. Having carefully studied the facts thus presented, it may perhaps be well that you read once again the following passage from your Report:—

* Outside of the quantity of road in operation, all the figures here given have been obtained from the best sources of railroad information, and are said to be below, rather than above, the truth. The railroad bars imported in these three years exceeded 260,000 tons. Our own rail mills had then a capacity of 70,000 tons, and may in the three years have yielded 100 or 120 thousand, giving a total of *rails alone* of 360,000 or 380,000. To this add the quantity of new iron required for combination with old rails re-rolled, and for all other railroad purposes, and it will be found nearly, if not even quite, to confirm the estimate.

"As respects the relation of legislation by the national government to the results under consideration, if we except the adoption of a liberal policy in the disposition of the public lands, it is difficult, at least for the period which elapsed between 1840 and 1860, to affirm much that is positive, unless, in conformity with the maxim, that that government is best which governs least, absence of legislation is to be regarded in the light of a positive good. If important results followed the acquisition of California, such results were certainly neither foreseen nor anticipated; while as regards commercial legislation, a review of all the facts cannot fail to suggest a doubt whether the evils which have resulted from instability have not far more than counterbalanced any advantage that may have proceeded from the experience of a fluctuating policy."

What it is that may be *positively affirmed* in reference to that *fluctuation of policy* which struck down the great iron manufacture at the moment at which it had just begun to exhibit its power for good, would seem to be this; that in the British monopoly period which thereafter followed, we added somewhat less than *forty* per cent. to our population; *seventy* to our machinery for water transportation; and *five hundred* to that required for transportation by land; meantime materially *diminishing* the quantity of iron applied to works of production. When you shall have carefully studied all this, you may perhaps find yourself enabled to account for the facts, that in the closing year of the free trade period railroad property which had cost more than $1000,000,000 could not have been sold for $350,000; that ships had become ruinous to nearly all their owners; that factories, furnaces, mills, mines, and workshops had everywhere been deserted; that hundreds of thousands of working men had been everywhere seeking, and vainly seeking, to sell their labor; that immigration had heavily declined; that pauperism had existed to an extent wholly unknown since the great free-trade crisis of 1842; that bankruptcies had become general throughout the Union; that power to contribute to the public revenue had greatly diminished; and finally, that the slave power had felt itself to have become so greatly strengthened as to warrant it in entering on the great rebellion.

4. The movement since 1860, under protection, is presented in the following diagram, side by side with that of the latter years of the revenue tariff by which the former had been preceded, the heavy line, as before, representing the comparative figures given by yourself:—



Of the period from 1856 to 1860 here presented you say nothing in your general summary, given at page 9 of your Report, having preferred combining with it the previous years when California treasures were causing large increase of domestic product, and thereby enabling yourself to exhibit a decennial increase of sixty-one per cent. By so doing you have been also enabled to shut wholly out of view the calamitous free trade crisis of 1857, and the years that followed it, when the product, instead of showing "an annual increase of the production at the rate of about 8 per cent. per annum, or more than double the ratio of the increase of population," had exhibited the calamitous state of affairs above described.

Of the prosperous protective period that since has followed, your general summary, intended for widest circulation through the public journals, says *not even a single word.* Turning, however, to page 3, I find the following statement of the

Annual product of pig iron from 1863 *to* 1868.

	Tons.	Annual increase.
1863	947,604	
1864	1,135,143	19.82 per cent.
1866	1,351,143	9.50 per cent.
1867	1,447,771	7.16 per cent.
1868 (estimated)	1,550,000	7.06 per cent.

For the seven years from 1860 (when the production was 913,770 tons) to 1867, the average annual increase has been 8.35 per cent.

The actual product of this last year has been, as I understand, more than 1,600,000 tons, showing *a duplication* as compared with the average of the closing years of the tariff of 1846. Those, however, who need to compare the present with the recent past, must do so for themselves, as you have been careful to avoid presenting *such* comparison. So, too, must they do if they would find any of the following "historical truths," to wit:—

That at the close of the Compromise Act of 1833 production had not increased *ten* per cent., whereas population had grown *thirty* per cent.

That in the final years of the protective Act of 1842 production had increased more than *two hundred* per cent., whereas population had grown but *twenty* per cent.

That in the final years of the revenue tariff Act of 1846 production had not advanced even *five* per cent., while our numbers had grown on the average of years, nearly *forty* per cent.

That, notwithstanding this large increase of numbers, the quantity applied to *production* had greatly diminished, while that applied to mere *transportation* had more than four times increased.

Leaving you now to reflect on the extraordinary *suppressions* thus exhibited, I shall now proceed to an examination of your chapter on "the taxation of pig iron."

Yours respectfully,

HENRY C. CAREY.

Hon. D. A. Wells.

Philadelphia, February 1, 1869

LETTER FIFTH.

DEAR SIR:—

Suppression of all facts adverse to further maintenance of foreign domination in reference to the greatest of all manufactures, and corresponding suppression of all tending to prove the advantage that had *invariably* resulted from every strike for independence, having enabled you with some appearance, though with none of the reality, of "historical truth," to make the extraordinary "assertion" that "no matter what had been the character of the legislation, whether the tariff was low or high, whether the condition of the country was one of war or peace, the increase of the production had been at the average of about 8 per cent. per annum, or more than double the ratio of the increase of population, you next proceed to speak of the present and the future, under the head of "Taxation on Pig Iron," as follows:—

"The article of pig iron affords a striking illustration of an instance where a duty originally levied for revenue and protection, or as an offset to internal taxes, has been continued long after its object has been fully attained, for the interest of the few, but to the detriment of the many.

"The existing duty on pig iron is $9, in gold; equivalent to over $12 currency. The average expenditure requisite to produce a ton of pig iron in the United States to-day may be fairly estimated as not in excess of $26 per ton, currency; and in the case of furnaces favorably situated as regards cheap coal and ore, and under good management, the actual cost, could it be truly ascertained, would not probably be found in excess of $24. Now, the selling price of Nos. 1 and 2 pig iron in the markets of the United States at present, and for the last year, has ranged from $37 to $42 per ton, with a demand continually tending to exceed supply.

"Under these circumstances the manufacturers of pig iron have, to the detriment of the rolling-mill interest, and to the expense of every consumer of iron from a rail to a ploughshare, and from a boiler plate to a tenpenny nail, realized continued profits which have hardly any parallel in the history of legitimate industry, the returns of one set of furnaces in one of the Middle States, communicated to the Commissioner, showing a yearly product of 35,000 tons, on a capital of $450,000, sold at a profit of from $10 to $13 per ton.

"The Commissioner, as he writes, (November, 1868,) has before him letters from the representatives of the bar and sheet-iron interests in nearly all sections of the country, to this effect: 'Our works are busy, but not remunerative. The profit of the iron manufacture is all absorbed by the manufacturers of pig metal. Our only hope is in equalization, and in a fair increase of protection by Congress at its next session.'

"Now, it would seem that if the manufacturers of pig iron had really at heart the great interests of American industry, they would of their own accord memorialize Congress to this effect: 'Our profits being far larger than is necessary for the prosperity and rapid extension of our business, we desire and can have no more efficient protection than what would of necessity be guaranteed to us by the prosperity and extension of the rolling-mill interest; and this protection can be readily attained, with benefit alike to producers and consumers, by affording under the existing tariff to the manufacturers of rolled iron cheaper raw material. We, therefore, request that the duty on pig iron, so far as it has heretofore been imposed or maintained for our benefit, may be relaxed or wholly abolished in the interests of the associated branches of the iron industry, which are less prosperous.' The Commissioner has not, however, heard that any such movement has been contemplated, but on the contrary it is apparent from an inspection of House bill No. 1,211, now pending, that the manufacturers of pig iron propose to allow the representatives of the bar iron interest to ask from Congress at this session such further legislation as will, without reducing the

present unduly enhanced cost of pig iron, guarantee to the latter at the expense of the consumers such additional profit as may render their business remunerative."

The answer to all this, and the extent of "detriment to the many," would both seem to be found in the facts, that the men who need "boiler plates and tenpenny nails," stoves, steam engines, and other machinery of comfort or production, are now enabled to consume *fifty per cent. more, per head*, of iron than they had done in the closing years of the revenue tariff of 1846; whereas, in these latter years they had consumed *forty per cent. less, per head*, than they had done in the corresponding years of the tariff of 1842. What is needed is, that this important commodity be placed within the reach of the largest portion of the community, and that such has invariably been the tendency of the protective policy is fully proved by—

First, The great increase of consumption from 1824 to 1835.

Second, Its extraordinary growth in the period from 1842 to 1848: and

Third, The great increase from 1861 to 1868.

Wholly overlooking the fact that there really *is* a perfect harmony in the real and permanent interests of society, your Report looks to stimulating discord by condoling with the mechanic for being required to aid in liberally rewarding the services of the farmer; then condoling with the latter for being required to contribute a small portion of his greatly increased receipts towards enabling the miner and the furnace man to obtain such wages as will enable his wife and children to live in comfort; then further condoling with the rolling miller in reference to the prosperity of the furnace man; and then, again, condoling with all for being, as you without the slightest reason assert they are, required to contribute a few cents per head, annually, towards that development of our great mineral resources to which alone can we look in the future for the establishment of either industrial or political independence, and to which at this moment we stand indebted for the facts thus given by yourself, to wit:—

"That within the last five years more cotton spindles have been put in operation, more iron furnaces erected, more iron smelted, more bars rolled, more steel made, more coal and copper mined, more lumber sawed and hewn, more houses and shops constructed, more manufactories of different kinds started, and more petroleum collected, refined, and exported, than during any equal period in the history of the country; and that this increase has been greater both as regards quality and quantity, and greater than the legitimate increase to be expected from the normal increase of wealth and population."

This is a remarkable state of things, but strangely enough, you do not, as I think, anywhere suggest to your readers that it occurs in a period when they are so heavily *taxed* by protection; or, that desiring to find the reverse thereof, they need only to turn to the closing years of the *untaxed* system of 1846 to find it. "Looking *now* around them," as you *might* well have said, "they would see the prosperity of the worker in iron keeping steady pace with that of railroad men; that in turn keeping pace with improvement in the condition of the farmer; the mechanic, the miner, and the laborer profiting again by the increased demand of the farmer for ploughs, harrows, and all other instruments used in the work of cultivation; and all combining to make such demand for iron as to cause consumption to advance *one-half more rapidly than population*. Let them then," as we may properly suppose you to have continued, "compare this with the paralysis from which they had been redeemed by the passage of the protective Act of 1861, and see that the consumption of iron, for purposes such as are above

enumerated, had under the anti-protective policy, in the short period of a dozen years, *declined eleven per cent., population meantime increasing forty per cent.;* and then, having carefully studied these facts of 'historical truth,' deliver judgment on the man who, placed in a situation of the highest responsibility, had deliberately ignored all these great facts, and so far trifled with them as to venture the assurance that—

"Study of all the facts pertaining to the national development from 1840 to 1860, and from 1865 to the present time, unmistakably teaches this lesson; that the progress of the country through what we may term the strength of its elements of vitality is independent of legislation and even of the impoverishment and waste of a great war. Like one of our own mighty rivers, its movement is beyond control. Successive years, like successive affluents, only add to and increase its volume; while legislative enactments and conflicting commercial policies, like the construction of piers and the deposit of sunken wrecks, simply deflect the current or constitute temporary obstructions. In fact, if the nation has not yet been lifted to the full comprehension of its own work, it builds determinately, as it were, by instinct."

2. Having told us what, as you think, the furnace man ought now to say, you may, perhaps, be disposed to read what, as it appears to me, you might with perfect truth and great propriety, yourself have said, as follows:—

"The iron manufacture, fellow-citizens, presents for consideration the most striking, as well as the most important chapter of our industrial history, exhibiting, as it certainly does, an energy, a determination of purpose, nowhere else, here or abroad, exceeded. Stricken down, and for the most part utterly ruined, in the closing years of the Compromise tariff, we find it, under the reviving influence of the protective tariff of 1842, starting at once into life and growing with a vigor that enabled it in the briefest period to treble the production, thereby making a great market for the country's labor, and for all the rude products of the farm and the plantation, as well as for those more finished yielded by the trained industries of the Northern and Eastern States; thereby, too, adding almost countless millions to the money value of the houses, lands, and mines of the country, and enabling their owners to contribute more largely to the public revenue.

"Again stricken down in the early years of the tariff of 1846, it is found once again, when large supplies of California gold had stimulated into activity the general movement of the country, starting into life, those engaged therein opening mines and building furnaces and rolling-mills, and thus preparing to profit of the opportunity thus supplied for enabling themselves to meet the demand that had been so produced.

"Again prostrated in the disastrous free trade period immediately preceding the rebellion, and that for the third time in less than twenty years, we find it rising, Antæus like, armed with an energy so great as, in the short period that has since elapsed, not only to have almost doubled the production, but to have exercised so large an influence on the iron trade of the world as to have checked the growth of British production in the manner here exhibited:—

"*Annual product of pig iron from* 1863 *to* 1868.

	American.		British.	
	Tons.	Annual increase.	Tons.	Increase.
1863 . .	947,604		4,510,040	
1864 . .	1,136,497	19.82 per cent.	4,767,951	5.71 per cent.
1866 . .	1,351,143	9.50 per cent.	4,819,254	1.08 per cent.
1867 . .	1,447,771	7.16 per cent.		Decrease.
1868 . .	1,600,000	10.60 per cent.	4,523,897	6.50 per cent.

"Such being the facts," fellow-citizens, "it is clearly obvious that you may safely grant to this great industry all the protection for which those concerned in it may be led to ask, quite certain that the *thirty-five* furnaces now in various stages of preparation will be followed soon by as many more, and so on and on, each succeeding year diminishing the distance between ourselves and Britain, until at length the American Union shall become controller of the supply to more than half the world of this most useful of all commodities, and therewith controller of the commerce of the world. Hundreds of millions of acres abounding in coal and ore are waiting that application of capital which will so surely come when its owners can feel assured that they are not fated to see repeated the scenes of ruin which had marked the closing years of the revenue tariffs of 1817, 1833, and 1846."

Such, as it seems to me, would have been the American, the statesmanlike, the honest, presentation of this great question. In its place we are told that profits are too large, that "boiler plates and tenpenny nails" are too high, and that the way to lower them is to make such changes in our "legislation" as always in the past have produced, and must now produce, the effect of so diminishing faith in the future as to stop further building of furnaces, and so arrest increase of supply as to place British iron masters once again in the position in which they had stood in the calamitous years by which the rebellion had been preceded, and to which, more than to any other cause, the rebellion itself had been due.

3. Conquerors in the *warfare* waged in the early years of the revenue tariff of 1846, British iron masters, as has been shown, sold us a few years later pigs at a higher price than they had been then content to accept for railroad bars, thereby *taxing* the country, in two years alone, twenty, if not even forty millions of dollars. What, it may be proper here to ask, was the application of the proceeds of *that* taxation? Were they so applied as to add to the value of *our* land, *our* labor, or the produce of *our* farms? Were they so applied as to add to *our* public revenue? Did they not, on the contrary, go to adding to the value of lands, furnaces, houses, owned by men of whom we are now claiming that they shall render satisfaction for outrages perpetrated by the Shenandoah and the Alabama? That they did so you know as well as I.

Conquered in the strife, our own producers of iron had, in the unhappy closing years of that tariff, been nearly ruined. Protection having now largely increased the general power of consumption, they are found thence to profit in common with the farmer, the miner, the laborer, the tradesman, and the owner of houses and lots in our towns and cities. What, however, becomes of *their* profits? Do *they* go abroad to spend in Paris and in London the contributions of tenants left at home? Do *they* contribute to the resources of people and of governments that had gladly hailed the rebellion as precursor of final dissolution of the Union? *Do they not*, on the contrary, expend their profits in enlargement of their operations, thereby adding millions upon millions to the value of mineral lands that so much abound in nearly every quarter of the Union? *Do they not* thus make large additions to the demand for human labor? *Do they not* thus contribute largely to promotion of immigration? *Do they not* thus so add to the demand for farm products as greatly to promote improvement of cultivation? *Do they not* thus greatly aid in enabling all to purchase more freely of tea, coffee, sugar, and thus to contribute more largely to the public revenue? *Do they not*, in all these ways, contribute towards the growth of both individual and political independence?

Answering these questions, as you certainly must, in the affirmative, how are you to account for the *total suppression* of facts and ideas so important? Were you not, as Commissioner of the Public Revenue, bound to place the British and American *taxation*, and their effects, side by side, thereby enabling your constituents to see for themselves that whereas the whole proceeds of the former had been so applied as to promote the perpetuation of American *dependence*, those of the latter had gone, and must continue to go, in the direction of promoting the growth of American wealth and *independence?* Why has this not been done? Why is it that your Report has throughout been made so entirely in the interest of men who, as you know, are now flooding the country with money to be used in promoting such deception of our people as shall enable them to re-acquire the power that had been secured in the free trade years prior to the rebellion, and then so applied as almost to have made of that rebellion a revolution? To this important question I now invite your serious attention.

4. The general answer to your suggestions is, as it seems to me, to be found in the simple fact that *the power to consume iron is always greatest when the price is highest, and always smallest when the price is lowest.* Seeking evidence of this, you will do well to compare the prices and consumption of the protective year 1833 and the revenue tariff one of 1842; of this latter with the protective year 1846–7; of this again with the free trade year 1850; of this, in its turn, with the great California year 1854; of 1854 with the latter years of the free trade period which closed in 1860; and finally, those of the latter with those of the present hour, when consumption is advancing, despite of prices, so rapidly as to have excited in your mind fears that, with all our efforts, production cannot be made to meet it

The disease with which we are now, as you think, afflicted, is thus precisely the same with that with which we had been troubled in the closing years of the protective tariff of 1842. Such being the case, allow me to suggest that the remedy then adopted might now prove as effective as it then was found to be. Let us have again a strictly revenue tariff; let us have iron admitted at a low rate of duty; let us stop the building of furnaces; let the government in this manner give every aid in its power to British iron masters; and the day will then be near at hand when the disease will have changed its character, supply then going so far ahead of demand that the latter will then, as was the case in 1857, be reduced far below the point at which it had stood years before.

The road, and the only road, to freedom of external commerce leads through protection. The more thorough that protection the larger will be the public and private revenues, and the more rapid the advance towards industrial and political independence.

Leaving you now to reflect on this suggestion, I propose to proceed to an examination of *the Lumber Question.*

Yours respectfully,

HENRY C. CAREY.

Hon. D. A. Wells.

Philadelphia, February 2, 1859.

LETTER SIXTH.

DEAR SIR:—

Coming now to *The Lumber Question*, I find you stating:—

"That the demand for the last few years has been fully equal to or has tended to exceed supply, which in turn has resulted in constantly augmented prices; the price, for example, of the cheapest varieties of lumber in the Albany, New York, market having advanced since 1861 about 100 per cent."

"The demand" having thus "exceeded the supply," "the price," as we see, has greatly "risen." The remedy for this would seem to be very simple. Let us return once again to the revenue tariff policy of the period from 1846 to 1860. Let us witness once again that condition of exhaustion which marked its closing years, and those of its free trade predecessor in 1842—years in which we built few houses; in which ships were ruinous to their owners; in which railroad stock failed to command in market even forty per cent. of its cost; in which farms were everywhere burthened with heavy mortgages; in which the little farmers of the West paid interest at any rate between 20 and 40 per cent. per annum; in which mills and furnaces were closed, and mines abandoned; in which laborers and mechanics by hundreds of thousands were wholly without employment; in which, as in 1842, agents were sent abroad to beg in Europe for loans; and, finally, in which the Treasury receipts exhibit more than $70,000,000, as the proceeds of "loans and treasury notes," thus bearing testimony to a constantly declining power to contribute to the public revenue; let us, as I say, return to the exhaustion of 1842, or to that of 1860, and we shall once again see the supply of lumber and of labor exceeding the demand, the prices of both becoming so reduced that while the lumberman shall find it difficult to obtain the food required by his family and himself, houses shall remain unoccupied and unproductive to their owners, because of the inability of miners, mechanics, and laborers to pay their little modicum of rents.

The great facts here presented, and that they are facts you know as well as I, find no place in your Report? Why? Because, like most of those presented in regard to iron, they did not suit your purpose. Had all been given you would have found yourself compelled to an exhibition of *harmony of interests*, resulting from protection, such as finds no parallel in any other portion of the earth. Giving the few you have selected, you have done your utmost towards persuading your fellow-citizens to believe that the protective system presents to view *universal discord*, high wages being injurious to the capitalist on the one hand, and increase of rents being ruinous to the laborer on the other.

The great demand for houses having caused increased demand for materials, "a supply of foreign lumber" is, as you tell us, "absolutely essential to meet the requirements of the country," and thence result "two things" which, as you assure them, "follow as a matter of necessity," to wit:—

"First, That whatever duty is imposed on the foreign product is paid wholly by the consumer, and is therefore equivalent to so much direct tax, and secondly, that

the price of the imported article regulates and determines the selling price of the domestic product, at least for all that portion of the latter which is exposed to the competition of the foreign supply in the open and leading markets. Whatever, therefore, under these circumstances, enhances the price of foreign lumber, be it a tax or some other agency, will from necessity augment the price of the domestic product to the same extent. Or, in other words, a tax on the importation of foreign lumber becomes also a tax upon the consumers of the whole domestic product; with this essential difference, that in the one case the proceeds of the tax results to the benefit of the national treasury, and in the other to the benefit exclusively of private interests."

The answer to all this is found in the simple expression that the man who *must* go to market *must* pay the cost of getting there, be it in what form it may, whether that of waggonage, railroad charges, or customs duties. The farmer close to market obtains the full money value of his products; his competitor at a distance of 10, 20, 50, or 100 miles from market, selling at prices less by 20, 40, or 50 per cent., as the commodities they have raised need the application of more or less power to the work of transportation. Give to these latter turnpike roads, and diminution of "taxation" exhibits itself in the increased money value of both land and labor. Give them railroads, and the effect of further diminution of "taxation" makes itself manifest in a duplication of the price of land. Bring the market home by placing the consumer at their sides, and at once there arises such demand for the minor produce of the farm that land now sells readily for dollars, where before it could command but dimes.

Time and again, in that revenue tariff period in which were so thickly sown the seeds of the late rebellion, the farmer of Iowa had been required to make his election between using his corn as fuel or selling it at a dime per bushel. At Manchester, that bushel would command probably, *twenty yards* of cotton cloth; and yet, when that cloth reached Iowa, *a single yard* of it would command in exchange another bushel—nineteen-twentieths of the farmer's power of purchase having perished somewhere on the road. Who, *then*, paid the "tax" of transportation? Was it not the farmer? Did he not, to his heavy cost, then learn to know that the man who *must* go to market *must* pay the cost of getting there? Assuredly he did. So, too, does the Canadian lumberman, sad experience having taught him that when our furnaces had been closed, and when houses had almost ceased to be built, the supply of his commodity had so far exceeded the demand as to free his neighbors across the line from all dependence on Canadian forests. Rejoicing now in the great demand resulting from protection of our iron, cotton, and other industries, and knowing well that abolition of duty would be followed by no reduction of price, he seeks to retain for himself his share of the millions that are now contributed to our public treasury; and to aid him in this effort it is, that you venture the assurance that prices here are fixed by those at which we obtain the trivial quantity which passes across our frontier.* Close the furnaces and mills, and stop the building of houses, and it will soon be found that prices are determined here, and *not* in the little markets of Toronto or of Montreal.

In confirmation of the views thus expressed, I now present for your

* *Exports from Canada of planks and boards for the fiscal years ending June* 30, 1866, *and* 1867.

	Total quantity. M feet.	Total value.	To the United States.
1866	465,812	$4,583,075	$4,508,554
1867	533,192	5,104,342	5,043,867

consideration the following passages from reports by the Collectors of Customs at two of the northern ports, as follows:—

"Ogdensburg, August 3, 1868.

"The supply and demand in the United States is so much larger than in Canada, that importations from there affect our markets but little.

"The following articles are not, in my opinion, imported from Canada in sufficient quantities to affect our markets: Butter, cheese, eggs, wheat, rye, oats, barley and beef cattle. Our importations of these articles are so small, compared with our productions and with our exportations, that we can be affected but little by the supply from Canada."

"Cleveland, October 20, 1868.

"The chief articles of importation at this port are lumber and barley. The lumber market here is entirely controlled by the Saginaw market, and Canadian markets do not in the least influence us. The Canada market, to a great extent, is controlled by American markets, and the result is that the Canadian producer has to conform his prices to our market figures here; this virtually makes the Canadian pay the duties on foreign merchandise imported here, as he is compelled to sell his goods so as to enable the importer to pay the duties, and still not overshoot the American market. As the demand in Canada is not equal to the production, the producer is compelled to look to a foreign market for sale of his merchandise, and for this reason he must necessarily regulate his prices by that market to sell. The purchaser in buying always makes allowance for the duties, and the Canadian in his sale deducts the amount, and thus in reality pays the duty himself."

That each of Jupiter's satellites exercises over the movements of Jupiter himself some little influence is entirely undoubted, but it is so very slight that were the smaller body stricken from existence careful observation would be required for enabling astronomers to note the fact that change had really occurred. So, very nearly, is it here, Canada exercising scarcely more influence on the great internal movements of the Union than is exercised over the great planet by its insignificant dependant.

2. The builders of houses, and the constructors of bridges, required to choose between the perishable lumber and the imperishable iron, would certainly select the latter, but for the great difference of cost. That this may be diminished it is indispensable that there be competition *for its sale*, and the greater the competition the greater must be the tendency toward diminution in the quantity of labor to be given for a ton of iron, and toward substitution of the least destructible for the most destructible material. The more rapid the substitution the greater would be the tendency towards moving in the direction in which, as you here tell us, "the national interests are likely to be best subserved," to wit:—

"By restricting rather than stimulating the destruction of our forests, which, in consequence of the continually augmenting demand for lumber, are diminishing and receding with alarming rapidity. So certain, moreover," as you continue, "is the future advance in the price of lumber, owing to increased demand and diminished supply, that if it were possible to draw for the next ten years the whole domestic supply from foreign sources, the result would unquestionably be for the benefit rather than the detriment of the country; while in respect to private interests the increase in value of timber lands held in reserve during the same period would probably exceed any average interest that would be likely to accrue from a different employment of capital."

Clearly seeing, as it is here shown you do, that economy of lumber is greatly to be desired, you might, as it seems to me, have spoken to the people whose great interests you are required to guard, somewhat as follows, to wit:—

"Our lands, fellow-citizens, abound in the materials of iron to an ex-

tent unparalleled throughout the globe, and from them we can obtain to any extent, and through thousands and tens of thousands of years, the most imperishable of all the materials used for construction of houses, bridges, and all other of the various machinery required for the comfort and material advancement of our people. Our forests, on the contrary, are constantly diminishing in their extent, and now that, by aid of protection, our people are becoming daily more and more enabled to command the use of better dwellings, better roads, and better bridges, the "rapidity" of diminution becomes "alarming." Nevertheless, we still continue to use this destructible material to such extent that to estimate at $200,000,000 per annum the amount required for repairing the ravages of time and fire would, as I feel assured, be greatly within the mark. Desiring to see why it is that we still continue a practice so destructive, it may be well for you to study the facts, that under the protective tariff of 1828 great progress had been made in the work of so developing our resources as to warrant the hope that at no distant period iron might be largely substituted for the perishable lumber; that under the free trade period which followed, we retraced our steps, largely diminishing the proportion borne by population to iron production; that under the protective tariff of 1842 there was made a progress so wonderful as to make it certain that at no distant day iron would become so cheap as to insure its greatly increased application in the construction of edifices of every kind; that under its successor of 1846, we again retraced our steps, the closing years of that unhappy period exhibiting a large decrease in the use of iron for every purpose except that of roads, this, too, in face of a growth of numbers amounting to almost forty per cent.; that since the passage of Morrell tariff in 1861, production has gone so largely ahead of population that we are now daily substituting iron for the lumber that before had been so freely used; that the number of furnaces is at this moment being so largely increased as to give assurance of a production quadrupling in its growth that of population; that to cause that growth to become twice greater than the one now witnessed, we need only to give assurance to mine operators, land owners, furnace men, capitalists at home and abroad, that it is *our fixed determination* so to shape our policy as to relieve ourselves, and that at no distant day, from the necessity which now exists for laying waste our forests, as well as from an annual waste, by time and fire, of property *whose mere money value far exceeds that of all the iron and all the manufactures thereof*, now produced in Britain.

"Doing this, fellow-citizens, we shall make such demand for labor as will bring to the close neighborhood of our farmers tens of thousands of the iron workers of Europe; we shall relieve those farmers from a "tax" of transportation greater than would suffice to support the armies of the world; we shall add hundreds of millions to the money value of our lands; we shall so increase production as to enable each and all to contribute thrice more largely to the public revenue; we shall establish harmony among ourselves; we shall so closely knit together all the parts of the Union as to forbid the idea of future separation; we shall free ourselves from our present humiliating dependence upon men from whom we are now claiming satisfaction for depredations of the Alabama and the Shenandoah; we shall become the money lenders of the world instead of being, as now, the great money beggars; and, finally, we shall be enabled to say to the world, that the words of our president elect, "Let us have peace!" are meant by us to apply to the world at large, and that it is our fixed determination so to use the

great resources placed at our command as to bring to a close the destructive warfare by which the world so long has been, and still is being, desolated."

Such, as I think, would have been the words of a statesman such as, in your Report, you claim to be. Such, however, are *not* the words of that Report, their place being occupied with others expressive of the troubles of consumers of "tenpenny nails," suffering at the hands of furnace men who, as you assure your fellow-citizens, are so secured by protective duties as to enable them to obtain twice or thrice the rate of profit that might properly be assigned them. Desiring to reduce that rate, you propose the adoption of such measures as shall at once annihilate that faith in the future to which we stand now indebted for a duplication of our iron product in the short period that has elapsed since the passage of the tariff Act of 1861; and yet, could you but be persuaded to study carefully the teachings here below given of your fellow-laborers of the *Evening Post*, you would, as I think, discover that it is to the fact that iron production is now profitable to those engaged therein we are to look for such reduction of prices as will secure largely increased application of that material, with constant diminution in the necessity for using lumber in our various works of construction as the only one that is within our reach.

"It is not unreasonable to expect that, just as ships from every part of the civilized world have flocked to the Chincha Islands in search of Peruvian guano, so will they before long crowd the wharves of Charleston in quest of that element of guano found there, which has the most lasting value. This long-hidden source of wealth cannot fail to draw to this now forsaken port the enterprise and capital necessary for its regeneration, and for the establishment of permanent prosperity. A company in Charleston, which is now engaged in the preparation of a fertilizer of which these phosphates are the chief constituent, finds a ready market at $60 per ton for this product. The cost of a ton of 2000 pounds, a they prepare it, is thus divided; 1400 pounds crude phosphate, $5 60; 400 pounds sulphuric acid, $12; 200 pounds ground animal refuse, $1 50—total cost of material, $19 10. The cost of manipulation may carry the entire outlay to $25, which leaves a very wide margin for an increase in the cost of the phosphate. Either superphosphate of lime must become much cheaper, in consequence of this discovery, or the owners of the phosphate lands must become rapidly rich, FOR IT IS IMPOSSIBLE THAT SO LARGE A PROFIT AS $35 PER TON CAN LONG BE MADE IN A MANUFACTURE IN WHICH THERE IS NO MONOPOLY."—*Evening Post.*

Of the perfect truth of the views thus presented no one can for a moment doubt. Liberal profits in the outset are the necessary preliminaries to cheap supplies of this valuable substance in all the future. Such being the case in regard to a commodity obtainable only from some few thousand acres, how infinitely more true must it be in reference to one that abounds in more than half the States of the Union, and so abounds as to make it certain that the day must come when we shall be the great iron producers of the world.

Leaving you to reflect on these suggestions, and to compare them with your own, I remain,

Yours respectfully,

HENRY C. CAREY.

HON. D. A. WELLS.

PHILADELPHIA, February 8, 1869.

LETTER SEVENTH.

DEAR SIR:—

Coming now to the *Cotton Trade*, we find the real facts to have been as follows:—

Consumption north of the Potomac, under the semi-protective tariff of 1824, 110,000 bales. Thenceforward, under the thoroughly protective tariff of 1828, we find it steadily rising until in the closing year of protection, 1835, it had reached 216,000, having nearly doubled in seven years, and its growth having been four times more rapid than that of population.

Seven years of the compromise and revenue tariff now follow, with an average consumption of 263,000, the closing year standing at 267,500, and showing an increase of 23 per cent., while population had grown 25 per cent. Of the crop of 1847–8, the closing years of protection under the tariff of 1842, the consumption was 531,000, having almost doubled in five years, and the growth having been nearly six times more rapid than that of population.

This, however, is by no means all, the growth south of the Potomac in this period having been great, and the prospect in the closing years above referred to having been such as to have led the editor of the *Charleston Mercury* to expression of a belief that before the lapse of another decade the South would have ceased to export raw cotton. Unhappily for him, and for his neighbors, Congress had then already cut the ground from under them, giving them a free trade tariff under which consumption was destined to go backward instead of forward.

Coming now to the closing years of that tariff we find it to have been as follows: of the crop of 1857–8, 452,000; 1858–9, 760,000; 1859–60, 792,000; total, 2,004,000; giving an average of 668,000, and exhibiting an increase of but 25 per cent., population meanwhile having grown nearly 40 per cent.

We see, thus, that while the power to purchase clothing increased with great rapidity in the two protective periods, it so declined under the anti-protective one as largely to increase the quantity that *must* be sent abroad in search of market. That such had been the case you have had full opportunity of knowing, all the facts having been time and again given to the world; and yet, most wonderfully, you have now staked your reputation on such a presentation of facts in regard to this great trade as is contained in the following words and figures, to wit:—

Increase in the domestic consumption of cotton, north of the Potomac; 1840, 297,000 bales; 1845, 422,000; 1849–50, 476,000; 1851–52, 588,000; 1855, 633,300; 1858–59, 760,000; 1859–60, 792,000.

For enabling you to obtain this regularity of growth, you had been required to *suppress* the progress upwards from 389,000 (not 422,000) in 1845, to 531,000 three years later; and then again to *suppress* one of the three closing years of the important revenue tariff period which commenced in 1848 and terminated with the rebellion, exhibiting through-

out its whole existence a series of expansions and contractions, of wild speculation on one hand, and financial crises on the other, whose general result had been that of so depleting the country as to have brought public and private revenues back to nearly the condition in which they had stood in the years which had preceded the terrific crisis of 1842.

Further even than this, by confining yourself exclusively to the northern movement, you have been enabled to *suppress* entirely the great Southern one which had had its origin under the protective tariff of 1842; which had, in four years carried up the Southern consumption from almost nothing to 100,000 in 1847–8; and which had then given so great promise as almost to have warranted the prediction of the *Mercury* above referred to. Twelve years later, in 1860, it had receded to 87,500, giving a loss of more than *twelve* per cent.; population meanwhile having grown *forty* per cent. Having carefully studied these facts, and having seen to what extent "legislative enactments" had thus stimulated into activity the slumbering energies of the South, you may, as I think, with great advantage, review your own "assertions," with a view to satisfy yourself how far they are in accordance with "historical truth."

2. Of the movement since the re-establishment of protection your general summary, intended for widest circulation, says *not a single word.* Turning, however, to your second page we find the statement that here is reproduced, to wit:—

"The number of cotton spindles in the United States, according to the census of 1860, was 5,235,727. From 1860 to 1864 there was little or no increase of cotton machinery, but possibly a diminution—many mills, under the great demand for army clothing, having been converted into establishments for the manufacture of woolens. The number of spindles, however, at present in operation, is shown by the recent returns of the American Cotton Manufacturers' and Planters' Association, to be about 7,000,000, a gain of 31.78 per cent. in from four to five years, and mainly since the termination of the war in 1865. An estimate, based on less perfect data, given in the last annual report of the Commissioner, fixed this increase at only from 15 to 20 per cent."

Why, however, is it that you have not added to this the fact, that the consumption is now at the rate of a million bales per annum, and tends rapidly to increase?* Why have you not placed such figures side by side with those given above, and shown that whereas, the growth of eight years, under the tariff of 1846, had been but 204,000, that of the brief period since the peace, under protection, had been so rapid that the consumption was already one-half greater than had been that of the closing years of the free trade period? Had you, as in duty you were required to do, given these facts, and others that have above been furnished, would it have been possible for you seriously to make the "assertions" of the following paragraph here once again presented for your consideration?

"There does not seem to be any reliable evidence which can be adduced to show that the changes which took place in the legislative commercial policy of the country in 1846 had any permanent or marked effect whatever; while, on the other hand, the study of all the facts pertaining to national development from 1840 to 1860, and from 1865 to the present time, unmistakably teaches this lesson; that the progress of the country through what we may term the strength of its elements of vitality is independent of legislation and even of the impoverishment and waste of a great war. Like one of our own mighty rivers, its movement is beyond control. Successive years, like successive affluents, only add to and increase its volume; while legislative enactments and conflicting commercial policies, like the construction of piers,

* The ascertained consumption of the year ending at the close of August last was 881,000, and the real quantity probably more than 900,000.

and the deposit of sunken wrecks, simply deflect the current or constitute temporary obstructions. In fact, if the nation has not yet been lifted to the full comprehension of its own work, it builds determinately, as it were, by instinct."

3. The consumption of the closing years of the tariff of 1846 having been 668,000, we may now look to see how much of even that small quantity had been due to protection. The *growth* from 1829 to 1835 was, as has been shown, 116,000; that from 1843 to 1847–8, 264,000; total, 380,000. Adding now to this the original 110,000, we have a total of 490,000, leaving 178,000 as the total growth of the seven free trade years which ended in 1842, and the twelve such years which closed in 1860, giving an annual average of less than 10,000 bales, population meantime growing at the rate of millions annually, and the crop passing upwards from the 1,700,000 bales of the years 1839–42 to 4,700,000 of 1859–60. As a consequence of this the quantity forced on foreign markets grew with great rapidity, and with results to the cotton producing planters such as shall be now described.

The crop of 1814 was 70,000,000 pounds, the domestic consumption being nearly 30,000,000. The former increasing while the latter declined, there arose an increased necessity for pressing it on foreign markets, with the result here exhibited:—

Export 1815 and 1816,	average 80,000,000	product	$20,500,000
" 1828 and 1822,	" 134,000,000	"	21,500,000
" 1827 to 1829,	" 256,000,000	"	26,000,000

The quantity had now more than trebled, while the receipt had increased little more than 25 per cent. The prices here given being those of the shipping ports, and the quantity to be transported having so greatly increased, and having required so great an extension of cultivation, it is reasonable to assume that the planter gave 256,000,000 of pounds for no more money than six years previously he had received for less than a third of that quantity.

1830 to 1832,	average 280,000,000	$28,000,000
1840 to 1842	" 619,000,000	55,000,000
1843 to 1845	" 719,000,000	51,000,000
1849	" 1,026,000,000	66,000,000

We have here nearly 940,000,000 of pounds to be transported, additional to the quantity of 1815–16, and from an area that, because of an unceasing exhaustion of the soil, had been enormously extended. Such being the case, it may be doubted whether the price received on the plantations had been more than twice as great as that received for 80,000,000.

1850–1851	pounds 781,000,000	$92,000,000

The great fact is here presented that the *less* cotton the planter sends to market, the *more* he obtains for it, while saving largely of the cost of internal transportation.

1852	pounds 1,093,000,000	$88,000,000

Here is an increase of 312,000,000 of pounds to be transported, accompanied with a diminution of gross receipt of $4,000,000; and of net receipt that cannot be estimated at less than $10,000,000. As compared with 1815–16, *the planter must have been giving five pounds for the price before received for one.*

The crop of that year had been 3,263,000 bales, and at that it remained, on an average of years, until 1858–9, the European demand steadily in-

creasing. So stationary a condition as regarded production, and continued for so long a period, should have brought a large increase of price, and yet, in 1859–60, the closing year of the free trade period, we find the planters giving 1,752,000,000 of pounds for $191,000,000, being less than an average of 11 cents per pound for all, Sea Islands included.

The reverse of this is what is now exhibited, the war having brought with it diversification of pursuits, and the cotton grower raising his his own food instead of going abroad to buy it. As a consequence, the domestic demand now absorbs probably more than forty per cent. of the total product, leaving but half as much to be exported as was sent abroad in 1860; and the producer receiving *a hundred dollars* per bale, where before he had been obliged to content himself with an average of less than forty. *When the buyer finds himself compelled to seek the seller the latter it is who fixes the price.* That he is now enabled so to do would seem to be the effect of the "legislation" of 1861.

3. In the natural order of things the cultivator profits by improvements in manufacture; yet here, although each successive year had brought with it increased facilities for the conversion of cotton, we find the planter to have been, with great steadiness, giving more of it for less money. The cause, as we then were told, was that too much cotton was being produced, and the planters held meetings with a view to reduce the quantity; yet the cultivation extended with decline of price. Struggle as they might, the case was still the same, more cotton being given for less money, and that in spite of a great natural law in virtue of which the planter should have had, annually, more iron, more gold, more silver, more lead, and more of all the metals, for less cotton.

Adam Smith denounced the British system because it was based on the idea of cheapening the raw materials of manufacture. Therefore was it that it had been resisted by means of protective measures, by all the civilized nations of the world—America alone excepted. In all of them, consequently, raw produce had risen in price; while here alone, had been exhibited a civilized community in which raw produce had during half a century steadily declined in price—the farming and planting interests, strange to say, having been most consistent in the pursuit of a policy tending to diminish the quantity of money to be received in exchange for a bale of cotton or a barrel of flour. Barbarism grows in the ratio of the export of the rude products of the land, and consequent exhaustion of the soil—the raising of such products for distant markets being the proper work of the barbarian and the slave, and of those alone.

Protection looks to the prevention of such exhaustion, by bringing consumers to the side of producers and thus promoting the growth of wealth and civilization. That such has been its tendencies is clearly shown in the brief history of the cotton trade given above; given, too, in the belief that no one can study it without arriving at the conclusion, that had the tariff of 1842 been maintained in existence the South would soon have been filled with furnaces and factories, making that demand for labor which would have given freedom to the slave and enormous value to the land, and bringing with it that consciousness of the existence of a general *harmony of interests* which would have knitted North and South more closely together, and would have enabled us to avoid the great sacrifice of life and fortune that has resulted from the late rebellion.

Having studied carefully the facts here given, you may, as I think,

reconsider the "assertion" so hastily made, to the effect, "that the progress of the country through what we may term its elements of vitality, is independent of legislation."

Yours respectfully,

HENRY C. CAREY.

HON. D. A. WELLS.

PHILADELPHIA, February 10, 1869.

LETTER EIGHTH.

DEAR SIR:—

In your general summary our commerce with the exterior world is thus presented:—

"Exports and imports: In 1840, $238,000,000; 1845, $231,000,000; 1850, $300,000,000; 1855, $536,000,000; 1860, $762,000,000."

The increase here exhibited is certainly worthy of note, but far more worthy, as it seems to me, would have been a presentation of the cost at which it had been secured. Had you desired to make such presentation, and so to make it as to enable your constituents finally to decide as to the direction in which they might find "historical truth," your words would probably have been as follows:—

"From 1845 to 1860, fellow-citizens, the combined amount of our exports and imports had, as you see, more than trebled, the great change thus exhibited having occurred, however, not as a consequence of growing *power* for maintenance of foreign commerce, but because of an absolute *necessity* for seeking abroad a market for commodities that we had not permitted our people to use at home. At the first of these dates our cotton product but little exceeded 2,000,000 bales, and the domestic consumption, under the protective tariff of 1842, was then so rapidly growing as to warrant a belief that the day was fast approaching when it would call for more than half the crop, thereby relieving our planters from all necessity for forcing their product on foreign markets, and for submitting to the arbitrary will of men whose profits grew as they were more and more enabled to fix for themselves the prices at which they would consent to purchase. From 1842–3 to 1847–8 the home demand, *North and South*, had grown from 267,000 to 630,000 bales, but at the close of the dozen free trade years of the tariff of 1846, it had so slightly grown as to have required but 755,000, although our numbers had almost forty per cent. increased. As a consequence, we had been then required to seek abroad a market for a quantity twice greater than that of the *whole crop* of the period for 1842, the dependence of our planters on the foreigner becoming greater with each succeeding year. Under such circumstances our shipping grew, of course, with great rapidity, as did the *quantity* of commodities carried abroad to be changed in form and then returned to us for our own consumption, but our soil became from hour to hour more and more exhausted; the general result of this extraordinary course of operation having been, that while possessed of soil and climate unequalled for production of this great staple, the total contribution to the commerce of the world, *abroad and at home*, of States with a population of 8,000,000, a territory of hundreds

of millions of acres adapted to the cotton culture, and so far as applied at all so applied, was less than that of single Northern States, and could scarcely be placed at a sum exceeding $300,000,000.

"Seeking now another item of the cost at which had been obtained this growth of foreign intercourse, we find the great iron manufacture to have been so stricken down that whereas, in the period from 1842 to 1848 it had so rapidly advanced as to warrant the belief that but few more years would be required for enabling it to stand fully side by side with that of Britain, the closing years of this period of growing foreign commerce had exhibited it as having remained entirely stationary, notwithstanding the great increase of population above described.

"Looking once again, fellow-citizens, you will find a fearful item of cost in this, that while our exports, gold excluded, scarcely exceeded $300,000,000, our farmers and planters were being 'taxed' for the maintenance of *two and a half millions* of registered tonnage employed in carrying a really insignificant money value of rude products to foreign markets. Add to the capital represented by this domestic shipping that represented by the vast quantity of foreign tonnage likewise so employed, and you will find, my friends, that *the total capital employed in the work of transportation must have closely approximated the annual value of the commodities carried.* Reflect then, I pray you, on the fact, that a single ship could bring from Europe cloths and silks sufficient to pay for the cargoes of a dozen carrying cotton, and that it must, therefore, necessarily have followed, that the whole burthen of maintaining this machinery was being borne by *our own* farmers, *our own* planters, *our own* land holders, and you will then be disposed to agree with me in the belief that, as a part of the cost of this great foreign commerce we might here set down a 'tax' of transportation, within and without our own limits, greater than would have then sufficed for maintaining all the armies of Europe.*

"Turning your eyes now in another direction, you find our commerce with the outer world to have been swelled in the closing years of the *prosperous* free trade period by an export of $180,000,000 of gold, the withdrawal of which had been accompanied by paralysis so complete that mills and furnaces had been closed; that thousands and tens of thousands of working men had been reduced to a state of idleness; that immigration had tended almost to disappear; that small as had been the production of commodities for whose production either cotton or iron had been required, the supply had been greatly in excess of the demand; that power to contribute to the public revenue had become so much impaired as to render necessary the negotiation of large amounts of Treasury notes and bonds; and, that at the annual cost of *thousands of millions* of domestic commerce we had added *a couple of hundred millions* to the quantity of goods sent abroad, and as much to that which had been thence received.

"Throughout this unhappy period, fellow-citizens, railroads had largely increased in numbers and extent, its closing years presenting the extraordinary spectacle of a community possessed of more than thirty thousand miles of road, all of which it had been required to maintain in working order, its internal commerce meanwhile having so declined that shares in most important roads had been almost wholly

* At the moment here referred to France was exporting to the extent of $300,000,000 of silks, cottons, and other finished articles, in so compressed a form that they could have been carried in fifty ships of 1000 tons each.

without price, while for the great majority the most that could have been obtained was from a fourth to a half of their original cost. That in the picture thus presented of the cost at which we had so much increased our dependence on foreign markets I do not at all exaggerate, proof is furnished in a paragraph written in 1848, accurately, as I think, presenting the facts of those British free trade years, as follows:—

"Looking, first, to our internal commerce, we find a mass of roads, most of which have been constructed by help of bonds bearing interest at the rate of 6, 8, or 10 per cent.—bonds that have been disposed of in the market at 60, 70, or 80 per cent. of their nominal value, and could not now, probably, be re-sold at more than half the price at which they were originally bought. Half made, and little likely ever to be completed, these roads are worked at great expense, while requiring constant and great repairs. As a consequence of this it is, that the original proprietors have almost wholly disappeared, the stock being of little worth. The total amount applied to the creation of railroads having been about $1,000,000,000, and the average present money value scarcely exceeding 40, if even 30 per cent., it follows that $600,000,000 have been sunk, and with them all power to make new roads. Never, at any period of our history, have we been in this respect so utterly helpless as at present. Nevertheless, the policy of the central government looks steadily to the dispersion of our people, to the occupation of new territories, to the creation of new States, and to the production of a necessity for further roads. *That, Mr. President, is the road to physical and moral decline, and political death, as will soon be proved, unless we change our course.*"

"The more carefully, fellow-citizens, you shall study the picture here presented, the more, as I think, will you become satisfied of the perfect accuracy of the prediction with which it closes, and which since has come so near to being realized. With every hour that you shall give to its consideration the more you must become satisfied that the nation which sacrifices its internal commerce in the hope of creating a great foreign one, is building an inverted pyramid that must in time topple over and fall to utter ruin, as had so nearly proved to be the case with us at the close of the dreary British free trade period to which your attention has been now invited."

Having thus presented what, as it appears to me, you might with perfect regard to "historical truth," have said of the years preceding the rebellion, I propose in my next to review what you have said of those by which it has been since succeeded.

Yours respectfully,

HENRY C. CAREY.

Hon. D. A. Wells.

Philadelphia, February 11, 1869.

LETTER NINTH.

Dear Sir:—

Passing from amid the gloom and darkness of the closing years of the free trade period above described, we come now to the brilliant sun-light of recent protective years, so well exhibited by yourself in the passage of your Report which here is given, as follows:—

"An analysis of the railway system of the United States, which has been made for the first time during the past year, presents us with results which, were they not founded on incontrovertible data, would seem fabulous. Thus the ratio of the gross

earnings to the cost of the railroads of the whole country for the year 1867 was equal to about 21 per cent.; for the northern States about 23 per cent. The railroads of the country, therefore, now receive their cost in a little more than four years, and this ratio of gross earnings to cost is steadily increasing with the increase of the railway system and traffic of the country.

* * * * * * *

"The total amount of tonnage transported on all the roads of the country for the year 1851, is estimated by good authorities at not exceeding 10,000,000 tons. If from this we deduct 3,000,000 tons for coal and other cheap materials, and 1,000,000 tons for duplications, there will be left a merchandise tonnage of 6,000,000 tons in 1851, against 48,488,000 tons in 1867. The rate of increase in this period, therefore, has been equal to 100 per cent., and the actual increase 42,488,000 tons. At the estimated value of $150 per ton, the increase in the value of the railway merchandise of the country in 16 years has been 6,373,200,000, or at the rate of $400,000,000 per annum. And it should also be noted that one-half of this total increase has taken place in the seven years that have closed since 1860.

"The increased movement on the railways of the United States, which in the main represents increased product, also affords some indication of the progress of the development of the country. Thus, the earnings of the ten principal railway lines of the west exhibit for the first ten months of 1868 (with a decrease rather than an increase of freight rates) a gain of eight per cent. as compared with earnings of the corresponding months for the year 1861. Taking also the movements on the railways and canals of the State of New York, which are known to be accurate, and at the same time accessible, as a measure of comparison, for the whole country, we find that the total annual tonnage increased from 7,138,917 tons, in 1858, to 16,032,006, in 1868, an increase of 124 per cent.; *while the annual value of the tonnage thus moved increased from* $486,816,505, *in* 1858, *to* $1,723,330,207, *in* 1867, *a gain of* 254 *per cent.*

"An examination of the railroad statistics of the whole country for the above period further indicates that during the ten years above referred to, or from 1858 to 1868, the increase of tonnage moved on the railways of the United States has been at a rate *sixteen times greater than the ratio of the increase of population.*"

The railroad corpse of 1860—the *Lazarus* of its day, a mass of offensive sores—has thus, as we see, been not only galvanized into life, but has been endowed with a life so vigorous as to be now generating children at a rate so rapid, that, as we learn from you—

"Since and including the year 1865, the year of the termination of the war, nearly 8,000 miles of railroad have been constructed in the United States, and the present ratio of increase is more than double the average of railroad history prior to 1860, (viz: 1,156 miles.)

"On the other hand," as you continue, "the average annual increase of railroads in Great Britain from 1860 to 1865 was only 571 miles, and in France during the same period 509 miles."

The change thus presented is the most marvellous of any elsewhere presented in the annals of the world. To what, it may now be asked, must these marvels be attributed? To any increase in the *quantity* of our exports of those raw products with which, and at constantly diminishing prices, whether measured in gold, lead, copper, or iron, we, before the war had been accustomed to deluge the little and contemptible market of Liverpool? Certainly not, *that* having, on the contrary, much diminished. Where else, then, shall the cause be sought? For answer to this question let me, if you please, again present another passage from your Report, being almost the only one, so far as I recollect, for the entire accuracy of which I should be disposed to make myself responsible before the world, as follows:—

"Within the last five years more cotton spindles have been put in operation, more iron furnaces erected, more iron smelted, more bars rolled, more steel made, more coal and copper mined, more lumber sawed and hewn, more houses and shops constructed, more manufactories of different kinds started, and more petroleum collected, refined, and exported, than during any equal period in the history of the country; and this increase has been greater both as regards quality and quantity, and greater than

the legitimate increase to be expected from the normal increase of wealth and population."

Compare this, I pray you, with the facts, that *the whole twelve years* of that British free trade period to which we stand indebted for the occurrence of the great rebellion, had presented an increase of cotton consumption of less than 10,000 bales per annum; that the iron production of the closing years of that unhappy period gave an average scarcely, if at all, exceeding that of 1847–8; that the iron consumption, for purposes of production, in those years had been actually less in quantity than in the corresponding years of its protective predecessor; that population had in the meantime increased nearly forty per cent.; that the demand for labor had so much diminished that our streets were thronged with men who begged because not permitted to labor; that immigration had, as a necessary consequence, almost died away; that in those years of profound peace, because of the inability of our people to purchase sugar, coffee, tea, cloth, iron, and other commodities, the treasury had been obliged totally to exhaust its credit by borrowing no less than $70,000,000; that the export of gold in those closing years had amounted to no less than $180,000,000; compare, I say, these results of a policy looking to the building up of a little foreign commerce on the ruins of a domestic one that *should* before that time have become the grandest, the most magnificent, the world had ever known, and under the tariff of 1842 *would* so have done, and you will have little difficulty in understanding why it had been that at the close of that dreary period the great railroad interest of the country should have been in the state of utter ruin presented to your view in the closing extract given in my last.

2. Such having been, and such being now the *real* facts, you might, as it seems to me, with great propriety, have placed before the railroad owners and railroad makers of the country that remarkable parliamentary document an extract from which was given in a former letter, exhibiting the "immense losses" incurred by British iron masters "in order to destroy foreign competition, and to gain and keep possession of foreign markets," following it up by comments such as those that follow, to wit:—

The wealthy British "capitalists" my fellow-citizens, who are thus engaged in "taxing" the world for maintenance of a great monopoly have their agents everywhere, and always prepared for combination with every little private or local interest for the removal of fancied grievances of which *they know themselves to be the cause.* What *they* desire, as they know full well, is that food may be cheap and iron high in price. What *you* have reason to desire, and what by means of protection our farmers are seeking to obtain, is that these latter may be enabled to obtain more spades and ploughs, and better means of transportation, in exchange for less and less of food. When, however, the farmer complains of the price of corn, he finds the agent close at hand, Mephistophiles-like, to whisper in his ear that but for protection spades and ploughs would be cheaper, while food would command a higher price. When the railroad manager needs iron, he points to the low price at which foreign rails may be purchased, wholly omitting to call his attention to the facts that *British prices are always low when American people build furnaces, and when American railroad companies make good dividends; and always high when American furnaces have been blotted out of existence, when their owners have been made bankrupt, and when American railroad stocks are of little worth.* In proof of this, I

now give you the following facts in reference to this important subject, as they present themselves in the several Reports on Commerce and Navigation, to wit:—

"At the close of the protective period, 1828–33—that one in which for the first time our iron manufacture made a great forward movement, and therefore the most prosperous one the country had ever known—the price at which British bar iron, rails included, was shipped to this country, was *forty dollars.*

"Eight years later, in 1841, when our mechanics were seeking alms; when our farmers could find no market; when furnaces and mills were everywhere closed, and their owners everywhere ruined; when States were repudiating, and the National Treasury was wholly unable to meet its small engagements; the *shipping price* of British bars had been advanced to *fifty dollars.*

"Eight years still later, in 1849, after protection had carried up our domestic product to 800,000 tons, and after the British free trade tariff of 1846 had once again placed our iron masters under the heel of the 'wealthy English capitalist,' we find the latter energetically using that potent 'instrument of warfare' by means of which he 'gains and keeps possession of foreign markets,' and shipping bars at THIRTY DOLLARS per ton. In what manner, however, was our railroad interest then paying for a reduction like this, by means of which they were being enabled to save on their repairs a tenth or a twentieth of one per cent. on their respective capitals? Seeking an answer to this question, I find, my friends, on comparison of prices in February 1848 and 1850, of thirteen important roads, that in that short period there had been a decline of *more than thirty per cent.!* This may seem to have been paying somewhat dearly for the whistle of cheap iron; and yet it is but trifling as compared with information contained in a paragraph of the same date now before me, in which are given the names of numerous important roads whose cost had been very many millions of dollars, but which, '*from prices quoted, and those nearly nominal, seem,*' as it says, '*to be of little or no value—not enough, nor one-fourth enough, to pay interest on the sums advanced for their creation.*'

"At the close of another term of similar length, say in 1857, we, find a scene of ruin more general than any that had been witnessed since the years of that British free trade period which terminated with the general crash of '42, when railroad stocks were almost worthless. What, however, was the price at which British iron masters were *then* willing, now that they had so effectually crushed out competition, to meet the demands of railroad managers? Were they still ready to accept $30 per ton as the shipping price? Did they *then* manifest any desire to help the friends who had so largely aided them in 'gaining and keeping possession' of this American market? Far from it! The more that railroad stocks went down, as a consequence of failure of the domestic commerce, the more determined did the British masters of our American stockholders show themselves, Shylock-like, to exact 'the pound of flesh.' In that unhappy period the shipping price of bars was $48, and that of railroad iron $42, the average having been FORTY-FOUR DOLLARS, or nearly fifty per cent. advance on the prices accepted in 1849, when our foreign lords and masters had been engaged in '*overwhelming all foreign competition in times of great depression,*' and thus '*clearing the way for the whole trade to step in when prices revived, and to carry on a great business before foreign capital could again accumulate so as to be able to establish a competition in prices with any chance of success.*'

"Twice thus, at intervals, had you had low British prices and great American prosperity as a consequence of that policy under which American competition for the *sale* of iron had largely grown. Twice, at similar intervals, had you had high British prices and universal American depression as a consequence of the re-adoption of that system under which you had been compelled to compete in a foreign market for the *purchase* of British iron. Twice, thus, had you been 'brayed' in the British free trade mortar, and twice had our transporters found prosperity by aid of those protective measures to which you have always shown yourselves so much opposed. Your British free trade experience would seem thus to have been a somewhat sad one.

"Looking now around, we see *railroad stocks selling for a thousand millions that would not, ten years since, have sold for four hundred millions.* What has caused this wonderful change? The re-creation, by means of a protective tariff, of a great internal commerce, *and nothing else.* Under that tariff mines have been opened; mills and furnaces have been built; demand has been created for labor and labor's products; commerce has grown; and road proprietors have participated with farmers in the advantages resulting from the creation of that great domestic market to which we stand now indebted for the extraordinary fact, that whereas in the closing years of the last free trade period, 1858–60, with 31,000 miles of railroad, the tonnage had been less than 8,000,000, that of the past year has exceeded 16,000,000, the annual value, meanwhile, having so increased that whereas the money value of the 8,000,000 of former years had been less than $500,000,000, that of the 16,000,000 of the later ones has been no less than 1,723,000,000!

"The more, my friends, that you shall study these great facts, the more must you become satisfied that your present prosperity has resulted from the pursuit in recent years of a policy tending to make a home demand for the country's labor and the country's products, and to bring about that full development of our wonderful mineral wealth to which we are, and that at no distant period, to be indebted for *a perfect control of the commerce of the world.* To that end there remains, however, much that is yet to be done. Large as is now our own production you are still dependent on foreigners for hundreds of thousands of tons of rails, and other hundreds of thousands of tons of iron that *should* be made at home, and that long since *would* have been so made, had men like you, interested in roads, fully appreciated the fact that *rail road shares grow in value precisely as the domestic commerce grows, and decline in value precisely as that commerce declines.* Had they done so in the past they would long since have so volunteered to say, as now they ought to say, that regard for their own private interests, as well as for those of the nation at large, required of them to go hand in hand with those engaged in the great iron manufacture, giving to it such complete protection as would have the effect of satisfying other capitalists, abroad and at home, that they might safely proceed to the building, *here*, of other furnaces and other rolling mills, and to the development of the millions upon millions of acres in which coal and iron so much abound. So doing, you would be preparing for a scene of prosperity among yourselves the like of which the world till then had never seen, and would have the satisfaction of knowing that your own large profits were then resulting from the adoption of measures whose effect had been that of doubling the productive powers of our people, while giving to the State that industrial and political independence, without which it can never attain to that commanding position which would enable it to

say to the rest of the family of nations that peace, and not war, must in the future be allowed to prevail throughout the world."

To all this you may, perhaps, object, that there is not to be found in it a single word in relation to the fancied troubles of men who use "boiler plate and tenpenny nails;" or to other of the little facts which occupy so large a space in your voluminous Report. Such certainly is the case, and for the reason that the man who is here supposed to have made this little speech had arrived at the reasonable conclusion that when mills and engines, villages and cities, increase rapidly in number and in size, the men who make machinery generally profit thence, *the harmony of all the real and permanent interests of the various portions of society being so perfect as to leave no room for the petty discords which you have sought to place in such bold relief.*

Yours respectfully,

HENRY C. CAREY.

Hon. D. A. Wells.

Philadelphia, February 14, 1868.

LETTER TENTH.

Dear Sir:—

The protective policy looks to bringing the consumer to the side of the producer and thus relieving the farmer and the planter from the burthensome "tax" of transportation—that "tax" which takes precedence of all claims either of the landowner or the State. The more thoroughly those great objects can be accomplished the greater is the increase in money value of labor, land, and the products of both; the more does the laborer in the field tend to take his place side by side, in point of freedom and of compensation, with the skilled artisan of the workshop; the more does agriculture tend to become a science; the more fruitful becomes the field; the larger becomes the domestic commerce; the greater becomes the power to maintain a profitable foreign commerce; the greater is the ability of all to contribute to the public revenues; and the more rapid is the tendency towards a real national independence.

That such have been the results obtained under the protective system which now exists would seem to be proved by facts which you yourself have furnished as here presented:—

The Continued Increase in the Agricultural Product of the United States, whether measured by Quantity or Value.—The aggregate crops of the Northern States for 1867 were believed to be greater than those of any previous year, while the crops for the past year are known to exceed in quantity and quality those of 1867.

In the State of Ohio the recent increase of sheep, hogs, and cereals is reported as follows:—

Number of sheep in 1865 . . . 6,305,796 Number of sheep in 1868 . . . 7,580,000

In the eight years last past the sheep of Ohio are reported as having more than doubled.

Number of hogs in 1865 . . . . 1,400,000 Number of hogs in 1868 2,100,000

Cereal crops, including wheat, corn, and oats:—

1865 . . 107,414,278 bush. 1866 . . 118,061,911 bush. 1868 . . 141,000,000 bush.

The commercial return of the number of hogs packed at the West since the season of 1864–5 is as follows:—

1865–66 . . . . 1,705,955 1866–67 . . . . 2,490,791 1867–68 2,781,084

This latter number was, however, exceeded during the first three years of the war.

The present ratio of the increase of the crop of Indian corn for the whole country is put by the best authorities at an average of three and one-half per cent. per annum. The crop of 1859 was returned by the census at 830,451,707 bushels, and, adopting the above ratio of increase, the crop of 1868, acknowledged to be a full one, must be estimated at 1,100,000,000 bushels, and if sold at the assumed low average of 46 cents per bushel, would net over $500,000,000.

As respects the agricultural products of the Southern States, the returns collected by the association of cotton manufacturers and planters before referred to, show that the crop of 1867–8 was at least 2,500,000 bales, or about 65 per cent. of the average crop for the five years immediately preceding the war; while for the year 1868–9 the estimates are generally in favor of 2,700,000 bales. The results of the two crops upon the interests of the South will, however, be materially different. During the crop year 1867–8 the South did not raise food sufficient for its own subsistence, and a large part of the proceeds of the cotton of that year were used for the purchase of food, and also to repay advances for the previous purchase of stock and implements. This year, 1868–9, the South has raised food in excess of its necessities, and the proceeds of nearly the entire crop may be considered in the light of a surplus for future development.

The following are the estimated cotton crops of the South since the termination of the war: 1865–66, 2,154,476 bales; 1866–67, 1,954,988 bales; 1867–68, 2,498,895 bales; 1868–69, estimated 2,700,000 bales.

The culture of rice at the South, which at the termination of the war practically amounted to nothing, has also so far been restored that the product of the present year is estimated at 70,000 tierces; an amount probably sufficient for home consumption, and giving certain promise of a speedy renewal of the former extensive exports of this article.

The following is an estimate of the tobacco crops of the United States since 1850, prepared by a committee of the trade for the Committee of Ways and Means, at the first session of the 40th Congress:—

1850	201,350,663 lbs.	1865	183,316,953 lbs.
1853	267,353,082 "	1866	325,000,000 "
1854	177,460,229 "	1867	250,000,000 "

Further proof of the beneficial effects of a protective policy are furnished in your own remarkable statement, that while the *quantity* of commodities carried by our railroads had increased in 1868, as compared with 1858, in the proportion of 9 to 4, their *money value* had grown in the proportion of no less than 14 to 4—the *four hundred and eighty-six millions* of annual value of the unhappy closing years of that free trade period which ended in the clouds and darkness of 1861, having given place to the *seventeen hundred and twenty-three millions* which represent the brilliant sunlight of protection in the year which has just now closed.

That protection has thus greatly improved the condition of both farmer and planter is a fact that you yourself have thus placed beyond the reach of question. In what manner, however, has it affected that of the mechanic and the laborer? Have *they* gained or lost under a policy that has thus tended to raise the price of food? To this question the answer is, that the status of the whole class of workingmen is fixed by that of the laborer in the field. The greater *his* reward, the greater is the attraction towards agriculture, and the larger must be the *bonus* offered by the workshop, a fact with which you yourself are so well acquainted that you have, in conversation with myself, presented it as an obstacle standing in the way of our industrial development. So far, however, is this from constituting any real obstruction, that it is in that direction, and that alone, we have to look for further progress. Freedom of the body and the mind—development of the moral and the intellectual facul-

ties—grow with the growth of *competition for the purchase of labor.* That such competition now exists is proved by your own presentation of agricultural progress here now placed side by side with the industrial phenomena which you yourself have furnished; the two most happily combining for establishment of the great fact that there really *is* a perfect harmony of all real and permanent interests, and that the discords you have presented have no existence except in your own imagination.

"Within the last five years"—years of protection, as you have omitted to advise your readers—

"more cotton spindles have been put in operation, more iron furnaces erected, more iron smelted, more bars rolled, more steel made, more coal and copper mined, more lumber sawed and hewn, more houses and shops constructed, more manufactories of different kinds started, and more petroleum collected, refined, and exported, than during any equal period in the history of the country; and this increase has been greater both as regards quality and quantity, and greater than the legitimate increase to be expected from the normal increase of wealth and population."

Competition for the purchase of labor having thus wonderfully increased, there *should* have been a great improvement in the condition of the whole body of the people who had that commodity to sell. The reverse of this, however, as you assure us, is the fact, the actual condition of workingmen at the moment when so many mills, houses, and factories are being built, so many roads are being made, and so many farms are being cleared, being really worse than it had been in the closing years of the last destructive free trade period, when mills and mines stood closed; when furnaces were out of blast; when machine-shops were idle; when houses everywhere stood untenanted; when laborers by tens and hundreds of thousands were wholly without employment; when manufacturers and merchants alike were being bankrupted; and when the sources of public revenue had so greatly failed that to meet the public expenditure, trivial as by comparison it then had been, there had existed a necessity for creating in three short years a public debt of $70,000,000.

Strange as such an "assertion" would seem to be, still more strange are the facts by means of which this great "historical truth" is sought to be established, tables being given by means of which it is now clearly proved, that whereas it costs weekly the large sum of $17 to maintain two parents and *one* child, the same parents and *six* children can be as well provided for at the much smaller cost of $13 50! When, however, a *seventh* child comes to be added, the cost of the family at once almost doubles, the $13 50 forthwith rising to $25! "Assertions" such as these can, excuse me for saying it, be no otherwise regarded than as supremely ridiculous, finding their parallel only in the efforts of British economists to prove that labor is always best paid at that period in the progress of society when population is small and employment, as we know, only occasional, presenting in proof thereof the *harvest* wages of the middle ages, and comparing *them* with the price of wheat, then a luxury that the laborer never tasted!

2. Turning now to another part of your Report, we find evidence counter to all this in the following passage, in which the italics are my own, to wit:—

"But whatever may be the force of specific examples, it is equally certain that a consideration of the whole subject will show that no material reduction of importations—certainly none proportionate to the means employed—can be effected through any practicable increase of the existing tariff. This will appear evident when we re-

flect, that the articles which constitute a very considerable part of the value of importations are not articles of strict luxury, which can be dispensed with at will, but *articles whose consumption the people will not relinquish except upon the pressure of extreme poverty or necessity;* or others which are absolutely essential to the continuance of great branches of domestic industry. Thus, for example, *the four articles of tea, coffee, sugar, and molasses, constituted nearly one-third of the net value of the imports for the fiscal year* 1867–68, exclusive of bullion and specie. Their consumption, moreover, is *not only constantly and rapidly increasing with every increase of wealth and population*, but the whole drift of popular sentiment is unmistakably inclined to favor a much larger importation through a reduction of the existing tariff. Another large class of articles, as the various dye-woods and dye materials, crude India-rubber, soda-ash, bleaching powders, guano, lumber, sulphur, hides and horns, hatters furs, ivory, raw silk, gums, rags, jute, saltpetre, tin, &c., are so essentially the raw materials of great branches of domestic industry, that while any interruption of their importation could only be attained at the expense of national decadence, an increased importation would infallibly indicate an increase of national prosperity. *On these two classes of articles alone, the increase in the value of imports growing out of perfectly legitimate and natural causes, will probably be sufficient during the next three years, to fully counterbalance any reduction in the value of imports which might be effected through any changes which it would be possible to make in the tariff in respect to all other articles of foreign growth and importation.* Thus, for example, the increase in the consumption of imported sugars for the year 1868 is reported as full *sixteen per cent.* above the consumption of the preceding year, while *for the year* 1869 *an increase of at least ten per cent. is anticipated.*"

To all this you might, as it seems to me, very properly have added, that our consumption of cotton which had grown in the free trade years 1835–42 and 1848–60, at the rate of but *ten thousand bales per annum*, has grown in the last four years at the rate of *eighty-five thousand*, and promises soon to exhibit *an annual increase equal to the whole hundred and seventy thousand of the* NINETEEN *years in which we were so busily engaged in the effort at building up a little foreign commerce on the ruins of a great domestic one.* Again, you might have told your constituents that for every yard of woolen cloth that had been used in the closing years of the last unhappy free trade period, we were now consuming two or more; that of iron applied to the production of stoves, ploughs, harrows, "tenpenny nails, boilers," or other machinery by means of which labor was to be lightened, or comfort increased, our consumption had already doubled and promised soon to be more than trebled; and so you might, as I think, have said in relation to all commodities required for promoting the convenience, comfort, or enjoyment of life.

Who, now, are the people whose consumption has so much increased? Are they to be found among the rich? Shall we look for them among the men of "fixed incomes," whose deteriorated condition you so much deplore? Do you, yourself, know any single man belonging to those classes of society who finds himself led to consuming more sugar, tea, coffee, cotton or woolen cloth, than he had done before? It is safe, as I think, to say, that you could scarcely name even a single one. Where then shall they be sought? Is it not among farmers the prices of whose land and labor have been so much increased by reason of having the market brought nearer to the place at which the food is being produced? Is it not among laboring men who are building dwellings for themselves where before they had had no means with which to pay the mere rent of buildings owned by others? Is it not among the mechanics who now so largely increase their deposits in our saving-funds as preparatory to the purchase of houses; or, as the means of securing to their children and themselves support in case of accident? Is it not among thousands and tens of thousands of the gentler sex, the demand for whose services is now so great that, as you have yourself informed me, they find them-

selves enabled in the summer season to withdraw from work and seek a little mountain or sea-side recreation?

For answer to all this you tell us, that the farmer receives too much money for his corn and his pork; the woodchopper too much for his lumber; the miner too much for his coal; the furnace man too much for his iron; and that, as a necessary consequence, we are unable to send shoes, cars, and other finished commodities, abroad to be exchanged for wool, hides, and gutta percha. As a remedy we must, as you think, look to Canada for food and lumber; to Nova Scotia for coal; to Britain for coal and iron; thereby diminishing demand for the country's labor, and greatly diminishing its now, as you think, excessive money value.

Why, however, have you here *suppressed* the figures required for proving the truth of such "assertions"? Why is it, that you have failed to tell your constituents that, exclusive of flour, butter, cheese, lard, oils, metals, and other partially manufactured articles, those which now represent our export of manufactures are *nearly double* those of the *brilliant* closing years of the last free trade period, having risen from an average of $40,000,000, to over $78,000,000 for 1867 and 1868?

Why, I here repeat the question, have these important facts been so wholly suppressed? Is it for the reason that they alone furnish so complete a refutation of your free trade arguments?

Leaving you now to study these questions and to reflect how far the answers they must command can be made to harmonize with your "assertions," I propose to proceed now to an inquiry as to the influence exercised by protection on the one hand, British free trade on the other, on the important question of immigration.

Yours respectfully,

HENRY C. CAREY.

Hon. D. A. Wells.

Philadelphia, February 15, 1869.

LETTER ELEVENTH.

Dear Sir:—

All commodities tend to go *from* those places at which supply is in excess of demand and prices are low, *to* those at which, demand being in excess of supply, prices are high. None tend to leave these latter to go toward the former. So, too, is it with labor power, all men desiring to place themselves where compensation is high, and none desiring to leave such places to go to those in which wages are low. Such being the case, we may, perhaps, find in an examination of *the immigration question* means for determining as to how the condition of miners, mechanics, and working men generally, had been affected by "legislation:" whether it had improved under protection on one hand, or British free trade on the other. In making this inquiry it is needed to observe that it is not until the third year after a change of policy has been made that its effects, upward or downward, begin to make themselves seriously manifest in reference to this important question, increase or diminution of demand for labor going on gradually at home for a year or two, still another being then required for enabling knowledge of

this change to make its way among those poor and uninstructed classes of Europe from among whom we have to look for supplies of men.

The protective tariff of 1829 had but fairly commenced to do its work in 1831, and it was not until 1832 that its effects exhibited themselves in the arrival of 45,000 persons, being fourfold the average of the decade through which the country just then had passed. Thenceforth the figures show an almost regular rise, as follows: 1833, 56,000; 1834, 65,000; 1835, 53,000; 1836, 62,000; 1837, 78,000; giving a total of 359,000 resulting from six years of protection, against 140,000 for the ten British free trade and semi-protective years by which that tariff had been preceded, and an average annual increase of nearly 46,000.

Of all machinery the most valuable is that of a well-grown man. To produce such a machine involves an average expenditure in food, clothing, and shelter, of not less than $1000. When made, it is capable of doubling, trebling, and quadrupling itself, not only in numbers, but in mental power, becoming thus more and more valuable from year to year; whereas, machines of wood or iron decay, become antiquated, and gradually pass from use. The *free gift* by Europe, annually, of these 46,000 human engines may therefore be regarded as having been of greater value to the country than would have been that of $46,000,000 of machinery of any other kind, and as showing a gain, in this direction alone, *resulting from protection*, of $276,000,000.

From and after 1837 the movement was irregular, but the general result, to and including 1844, showed a diminution, the average having been but 75,000.

Why was this? Simply, because British free trade had not only prevented increase of mills, furnaces, and other industrial establishments, but had to so great an extent closed those previously existing that our streets had become filled with men who asked for alms because they could not be allowed to work; and because thousands and tens of thousands, disappointed and disheartened, had returned to their early homes, prepared to teach their countrymen that starvation there was preferable to the starvation that here awaited them. One such man sufficed to stop the emigration of extensive neighborhoods.

Counter news arriving in 1844, and men learning everywhere how great, under the protective system of 1842, had here become the demand for labor, and how liberal its reward, we find the arrivals now running up from the 74,000 of 1844 to 102,000 in 1845; 147,000 in 1846; 240,000 in 1847; 229,000 in 1848; and 300,000 in 1849, giving a total of 1,018,000 in the five years which followed the commencement of the movement, against one of less than 400,000 in the five by which that movement had been preceded—giving a gain under protection of more than $600,000,000.

Had the tariff of 1828 been allowed to continue in existence, the tendency throughout the succeeding twenty years would certainly have been regularly upward, giving us, at the close of that period, at the smallest calculation, an immigration exceeding by millions that which actually did take place; and all these people would, from the moment of their arrival, have been customers to our farmers, making a market for food thrice greater than that afforded by the whole of Europe. Prosperity would then have reigned throughout the land, and we should have avoided the need for a general bankrupt law on one hand, while on the other, we should have escaped being compelled to send to Europe commissioners instructed to borrow, at almost any rate of interest,

money for the public use, as the sole remaining means of avoiding public bankruptcy on the other.

Estimating at but $1000 per head the invaluable machinery of production thus shut out by the Carolinian tariff, we have here a *a loss that counts by thousands of millions*, to be added to those already exhibited as having resulted from failure to appreciate the fact that domestic commerce constitutes the basis on which a foreign commerce must rest, and that any attempt at building up this latter on the ruins of the former must end in utter failure.

The gain in this direction, under the tariff of 1842, having been $600,000,000, we have that amount of capital, in excess of previous years, added to our resources; that capital, too, multiplying itself so rapidly as at the close of another decade to have stood at twice the amount imported. Parents and children demanding food, while yet producing none, the market is thus brought home to the farmer, enabling him and his to treble, in this protective period, their consumption of cotton and of iron, while making such demand for tea, sugar, coffee, and other commodities as greatly to augment the public revenue.

2. California treasures being now brought to light and gold becoming most abundant, the new El Dorado attracts hosts of foreigners until in 1854 we find the immigration to have numbered more than 400,000. Thenceforth, however, a change is seen, gold going out by hundreds of millions to pay for labor employed abroad, and Europeans abstaining from emigration to a country in which mines were ceasing to be opened, furnaces ceasing to be built; and to which iron by hundreds of thousands of tons was being sent to be here exchanged for the precious metals. What was the double movement then performed is shown in the following figures:—

	Gold exported.	Immigration.	Diminution as compared with 1849.
1858	33,000,000	123,000	176,000
1859	57,000,000	119,000	181,000
1860	58,000,000	150,000	150,000
1861	30,000,000	89,000	211,000
1862	37,000,000	89,000	211,000
	215,000,000	570,000	929,000

The loss, as here exhibited, of the closing years of the British free trade period, as compared with the closing one of the brilliant period of the tariff of 1842, at $1000 a head, is $929,000,000, but were I here to add the great numbers who then re-emigrated, it would exceed $1,000,000,000.

No one, as I think, can study these facts without arriving at the conclusion that if the tariff of 1842 had been allowed to stand, we should in the decade preceding the rebellion have imported 2,000,000 more of people; produced several millions more of children; made millions upon millions more of iron; carried up our consumption of cotton to more than half the crop; quadrupled the money value of the land and labor of the country; carried the slave rapidly onward towards freedom; and attained for the nation that political independence which has in all other countries grown with the growth of industrial independence. Abandoning that system and crippling our domestic commerce, a thousand millions were expended in the effort to obtain means of transportation from the valley of the Mississippi to the little and worthless markets of Liverpool and Havre, the result exhibiting itself in a diminution of productive power so great as to have necessitated large creation of both

private and public debt; in a growth of slave power so great as to have led to the rebellion; and in a general weakness so extreme as to have caused the national existence to become dependent on the will of the governments of France and England.

Such had been the price at which we had acquired that great foreign commerce in which little short of $300,000,000 of capital, in the form of ships, had been required for carrying to the manufacturing nations of Europe that annual $300,000,000 of rude products to which, under the tariff of 1842, would have been given a value of *twice a thousand millions to be sent to all the various countries of the outside world, thereby giving us a commerce that would have been productive of strength and not of weakness.*

The larger the immigration the greater is the tendency to have the cost of transportation divided between the inward and outward cargoes, men being returned on the cotton ships. Under the tariff of 1842 the tendency was in the direction of substituting the import of men for that of iron, and thus throwing the "tax" of transportation upon other nations. Under those of 1846 and 1857 we substituted an import of cloth and iron for one of men, paying the "tax" ourselves, thereby impoverishing our people while enriching traders who have since rejoiced at our troubles, and who now regret the "Cause" that has been "lost," well knowing it to have been the British free trade one.

Having studied these facts, and that they *are* facts you know as well as I, you may, perhaps, be disposed to reconsider your "assertion" as to the influence on the past that has been exerted by "legislation."

3. Long continuance of the exhaustive process above described had been productive of almost universal discord, as a consequence of which we have now to enter upon a period of civil war, in the course of which hundreds of thousands of lives and thousands of millions of money are required as offerings on the altars of British free trade. Happily, the distress of the closing years of the anti-protective policy had, before the breaking out of the rebellion, compelled return to that system to which, in the few brief years from 1829 to 1835, and from 1842 to 1847, we had been indebted for *the whole* increase of our iron production; and for *nearly the whole* of that of cotton. Happily for us, mines had been opened, furnaces and mills had been constructed in the North. Happily for us, the South had persistently refused to avail itself of the wonderful mineral resources of Virginia, Tennessee, the Carolinas, and Alabama, as well as of its extraordinary advantages for the production of cotton cloth. Still more happily, British iron-masters and the British people generally, were led to hail the rebellion as a free trade revolution, and refused to give us credit, thereby throwing us on our own resources, and compelling us to do that which we should long before have done—LOOK AT HOME. Thenceforth, therefore, mines and mills were rapidly re-opened; houses and mills were built; and there was again created a demand for labor the like of that which had been seen in the years of the tariffs of 1828 and 1842, the result exhibiting itself in an immigration that in lieu of the 89,000 of the closing years of the British free trade period, has given the following figures, to wit, 1863, 174,000; 1864, 176,000; 1865, 248,000; 1866, 314,000; 1867, 312,000; 1868 (estimated), 300,000; total in six years, 1,524,000.

Large as is even this quantity, it presents by no means the increase that really has taken place. The arrivals from Canada, and through the St. Lawrence from Europe, have been so numerous that by their help the number would certainly be carried up to 1,800,000, giving an

annual average of 300,000, and exceeding by more than 200,000 that of the closing year of the British free trade period. The gain in this direction alone, compared with the same number of free trade years, is very moderately estimated at $1,200,000,000; or more than half that public debt which has resulted from blind pursuit of a British free trade policy, and with which we now are burthened.

This *excess* of $1,200,000,000 has been *presented to us in free gift*, and for the reason that we have now manifested some little determination to make at home the iron and the cloth required for domestic use. To that capital, and to that determination, we stand now indebted for the facts thus furnished by yourself, here once again presented for your careful consideration:—

"That within the last five years more cotton spindles have been put in operation, more iron furnaces erected, more iron smelted, more bars rolled, more steel made, more coal and copper mined, more lumber sawed and hewn, more houses and shops constructed, more manufactories of different kinds started, and more petroleum collected, refined, and exported, than during any equal period in the history of the country; and that this increase has been greater both as regards quality and quantity, and greater than the legitimate increase to be expected from the normal increase of wealth and population."

4. The facts thus presented throw more light on the question you have ventured to discuss than any others that could be mentioned, and yet, your only reference to this most important subject, in the summary intended for general circulation, is in the words that follow, to wit:—

"Increase in immigration, 1840, 84,000; in 1845, 174,000; in 1850, 310,000, in 1854, 427,000."

You here *suppress* the facts, that taking the average of the free trade years of which 1840 had been a part, there had been a decrease and *not* an increase; that 1845 had been but the first year of recovery, in this direction, from the horrors of 1842; that thenceforward, under protection, the movement had been steadily upward, having already reached 240,000, so early as 1847; that the growth from 1850 to 1854 had been simply a result of the discovery of a new *El Dorado;* that thenceforward there had been a decline until in the closing years of the free trade period it had fallen below a single hundred thousand; and finally, that since the re-adoption of protection the growth had been so rapid as to warrant the idea that, but for the disturbing movements of the Treasury throughout the last three years, it would before this time have reached half a million, making an annual addition to our capital of more than $500,000,000.

Why is it that facts so important have been thus *suppressed?* Why is it that you, a public officer, charged with most important duties, have so misrepresented the general movement? The answer to these questions is, as it appears to me, that if you had given all as they really had occurred, it would have been quite impossible for you to venture the "assertion" contained in the following paragraph of your Report here once more reproduced for your consideration:—

"There does not seem to be any reliable evidence which can be adduced to show that the change which took place in the legislative commercial policy of the country in 1846 had any permanent or marked effect whatever; while, on the other hand, the study of all the facts pertaining to national development from 1840 to 1860, and from 1865 to the present time, unmistakably teaches this lesson; that the progress of the country through what we may term the strength of its elements of vitality is independent of legislation and even of the impoverishment and waste of a great war. Like one of our own mighty rivers, its movement is beyond control. Successive

years, like successive affluents, only add to and increase its volume while legislative enactments and conflicting commercial policies, like the construction of piers and the deposit of sunken wrecks, simply deflect the current or constitute temporary obstructions. In fact, if the nation has not yet been lifted to the full comprehension of its own work, it builds determinately, as it were, by instinct."

Leaving you to reflect upon this suggestion, I shall proceed to an examination of the *Revenue Question*.

Yours, respectfully,
HENRY C. CAREY.

Hon. D. A. Wells.

Philadelphia, February 18, 1869

LETTER TWELFTH.

Dear Sir:—

The few facts in regard to the *Revenue Question* given in your Report are in the few words that follow, to wit:—

"Increase in the public revenue: 1840, $19,000,000; 1845, $29,000,000; 1850, $52,000,000; 1855, $74,000,000."

The regular advance that is here, by aid of selected facts, exhibited is very beautiful, and would seem to furnish proof of your "assertion" that "the progress of the country through what may be termed the strength of its elements of vitality is independent of legislation." To what extent the whole mass of facts tends in that direction it is proposed now to examine, commencing with that first British free trade period which so closely followed the conclusion of the peace of Ghent in 1815.

The war had stimulated the growth of manufactures, and to so great extent as to have warranted a belief that the day of industrial independence was then already near at hand. But little later, however, there came a "legislation" whose result was that of closing everywhere mills, mines, and factories; destroying the domestic market for food, cotton, wool, and all other of the rude products of agriculture; involving in one common ruin farmers, manufacturers, and mechanics; and causing a large portion of the real estate of the country to change owners under the sheriff's hammer. Customs duties which in 1817 had yielded $26,000,000, gradually declined until, in 1821, their product had fallen to but $13,000,000; the average of the three years that followed having been but $18,000,000. As a natural consequence of this, "receipts from loans and treasury notes," figured once again conspicuously in our finance reports, $8,000,000 having been borrowed in 1820–21, and $10,000,000 in the closing free trade years, 1824–25.

Under the semi-protective tariff of 1824 we find a change, labor coming once again into quick demand, and the increased power of our people to contribute to the Treasury needs now carrying up the customs revenue to $23,000,000, being nearly a third more than the amount then just before yielded by its free trade predecessor. With 1828, however, came real protection, and with it evidence of *a perfect harmony in the interests of the people and the State*, customs receipts growing steadily until in 1832 they had reached the enormous amount of $28,000,000, bringing therewith an absolute necessity for measures calculated to diminish the public revenue. Tea, coffee, and numerous other articles not com-

peting with our domestic products, were then released from duty, proof thus being furnished of the perfect truth of the doctrine that to efficient protection it is we are to look as the only road by which to reach an entire freedom of external commerce.

Large as had been the reduction thus made the revenue still continued to increase, the receipts from customs for 1833 having attained the figures of $29,000,000, bringing therewith a necessity for depleting the Treasury by means of payment, at par, of that only portion of the public debt which still remained, to wit, that held in Holland, amounting to many millions, on which the interest had been only three per cent.

That protective "legislation" had thus proved itself capable of furnishing the road to financial independence for both the people and the State, and that it had greatly benefited every portion of the community, is shown in the following passage from a speech of Mr. Clay, of February, 1832, the perfect truth of every word of which must be admitted by all now living who had had occasion to witness, as I myself did, the marvellous change then accomplished by a few short pages of that "legislation" which you now profess to regard as being of so very slight importance:—

"Eight years ago, it was my painful duty to present to the other House of Congress an unexaggerated picture of the general distress prevading the whole land. We must all yet remember some of its frightful features. We all know that the people were then oppressed and borne down by an enormous load of debt; that the value of property was at the lowest point of depression; that ruinous sales and sacrifices were everywhere made of real estate; that stop-laws and relief laws, and paper money, were adopted to save the people from impending destruction; that a deficit in the public revenue existed, which compelled Government to seize upon, and divert from its legitimate object, the appropriations to the sinking fund to redeem the national debt; and that our commerce and navigation were threatened with a complete paralysis. *In short, sir, if I were to select any term of seven years since the adoption of the present Constitution which exhibited a scene of the most wide-spread dismay and desolation, it would be exactly that term of seven years which immediately preceded the establishment of the tariff of* 1824.

"I have now to perform the more pleasing task of exhibiting an imperfect sketch of the existing state of the unparalleled prosperity of the country. On a general survey, we behold cultivation extended, the arts flourishing, the face of the country improved, our people fully and profitably employed, and the public countenance exhibiting tranquillity, contentment, and happiness. And if we descend into particulars, we have the agreeable contemplation of a people out of debt; land rising slowly in value, but in a secure and salutary degree; a ready though not extravagant market for all the surplus productions of our industry; innumerable flocks and herds browsing and gamboling on ten thousand hills and plains covered with rich and verdant grasses; our cities expanded, and whole villages springing up, as it were, by enchantment; our tonnage, foreign and coastwise, swelling and fully occupied; the rivers of our interior animated by the perpetual thunder and lightning of countless steamboats; the currency sound and abundant; the public debt of two wars nearly redeemed; and, to crown all, the public treasury overflowing, embarrassing Congress not to find subjects of taxation, but to select the objects which shall be liberated from the impost. *If the term of seven years were to be selected, of the greatest prosperity which this people have enjoyed since the establishment of their present Constitution, it would be exactly that period of seven years which immediately followed the passage of the tariff of* 1824.

"This transformation of the condition of the country from gloom and distress to brightness and prosperity, *has been mainly the work of American legislation fostering American industry, instead of allowing it to be controlled by foreign legislation, cherishing foreign industry.* The foes of the American system, in 1824, with great boldness and confidence, predicted, first, the ruin of the public revenue, and the creation of a necessity to resort to direct taxation; the gentleman from South Carolina (Gen. Hayne), I believe, thought that the tariff of 1824 would operate a reduction of revenue to the large amount of eight millions of dollars; secondly, the destruction of our navigation; thirdly, the desolation of commercial cities; and fourthly, the augmentation

of the price of objects of consumption, and further decline in that of the articles of our exports. Every prediction which they made has failed, utterly failed. *Instead of the ruin of the public revenue with which they then sought to deter us from the adoption of the American system, we are now threatened with its subversion by the vast amount of the public revenue produced by that system.* As to the desolation of our cities, let us take as an example, the condition of the largest and most commercial of all of them, the great northern capital. I have, in my hands, the assessed value of real estate in the city of New York, from 1817 to 1831. This value is canvassed, contested, scrutinized, and adjudged, by the proper sworn authorities. It is, therefore, entitled to full credence. During the first term, commencing with 1817 and ending in the year of the passage of the tariff of 1824, the amount of the value of real estate was, the first year, $57,790,435, and after various fluctuations in the intermediate period, it settled down at $52,019,730, exhibiting a decrease in seven years of $5,779,705. During the first year of 1825, after the passage of the tariff, it rose, and gradually ascending throughout the whole of the latter period of seven years, it finally, in 1831, reached the astonishing height of $95,716,485! Now, if it be said that this rapid growth of the city of New York was the effect of foreign commerce, then it was not correctly predicted, in 1824, that the tariff would destroy foreign commerce and desolate our commercial cities. If, on the contrary, it be the effect of internal trade, then internal trade cannot be justly chargeable with the evil consequences imputed to it. The truth is, it is the joint effect of both principles, *the domestic industry nourishing the foreign trade, and the foreign commerce in turn nourishing the domestic industry.* Nowhere more than in New York is the combination of both principles so completely developed."

2. Passing now to the Carolinian compromise tariff of 1833, we enter on a scene of discord the precise parallel of that presented by the free trade period which had found its close in 1824. As on that occasion, the public revenue was for a brief period in excess of the expenditure, but passing onward we find receipts from customs gradually decreasing as the domestic commerce died away, until in 1840 they had fallen to the half of those of 1832, "receipts from loans and Treasury notes" meanwhile gradually making their appearance, until for 1841 they had reached the sum of $14,000,000. Adding this to similar receipts in the four previous years we obtain a total of $52,000,000 as the then amount of public debt; yet trifling as it was, the public credit had now so entirely disappeared as to make it necessary, as has before been stated, to send to Europe Messrs. Macalester and Robinson as Commissioners, empowered there to negotiate a loan to the paltry extent of ten or a dozen millions. Trifling as was the amount—less, as I think, than that of the three per cent. debt paid off some years before, and paid by means of efficient protective "legislation"—so entirely had prostration of our domestic commerce destroyed confidence abroad and at home that those gentlemen, after knocking at the doors of all the principal banking houses of Europe, returned without having obtained even a single dollar. General bankruptcy of the people and bankruptcy of the Treasury had thus resulted from but little more than half a dozen years pursuit of the policy now so strongly urged upon us by Manchester and Glasgow manufacturers; by those British iron-masters to whom we have in the past been so much indebted for that "warfare" by means of which "a few of the most wealthy capitalists" have been enabled to "destroy foreign competition and to gain and keep possession of foreign markets;" and by that whole British nation of which we are now claiming satisfaction for depredations committed on the ocean, a fair estimate of which would be twice greater than the annual amount, at the close of the last British free trade period, of that foreign trade at whose altar we had made a sacrifice of domestic commerce to such extent that it would even then have counted by thousands of millions.

The revenue having so far failed in 1841 Congress found itself com-

pelled in that year to restore the list of duty-paying articles tea, coffee, and many other commodities that had been freed in 1832, thereby furnishing proof conclusive that the road to real freedom of trade was *not* to be found in the direction of importing cloth, iron, and other articles for whose production our soil and climate, and the genius of our people, had so well been suited. So entire, however, was the depression, so universal was then the waste of labor power, and so great the general poverty of our people, that even with this addition the customs yielded but $18,000,000 against the $29,000,000 of 1833, although population had fully a third increased. Such having been the case, Congress now found it necessary to give to the country that beneficent tariff of 1842 under which external commerce sprang once again into life, filling the Treasury, the great domestic commerce meanwhile making prompt demand for all that labor power of which the waste in the few preceding years had counted by thousands of millions of dollars.

How this great measure was received by your present friend, the *Evening Post*, and what were the predictions of its editors as to its effect upon the people and the public revenue, are shown in the fact that immediately upon its passage, they assured their readers that it would "annihilate all commerce;" that it would not be "allowed to subsist a single year;" that the wants of the revenue "would require its repeal;" that it was "a black tariff;" that it would "impoverish the laborer," "oppress the consumer," and "tax all classes" but those favored ones who, as you yourself now say of the lumber men, the pig-iron men, and others, were to profit by "restraining the importations and reducing the revenue."

How much of truth there was in all this is shown in the fact that the customs revenue of 1843, '44, and of the remaining protective years, proved to be nearly twice greater than had been that of the free trade of 1841, such having been the result of a protective policy by means of which our people had been enabled to use their own home-made cloth and iron, and to sell their own labor, thereby acquiring the means with which to pay for sugar, tea, coffee, and other products of distant countries. Search the history of the world and you can find no parallel, except perhaps in the one above so well described by Mr. Clay, to the marvellous change that had been then effected by a little "legislation."

3. The country was, however, for our British friends, entirely *too* prosperous. It was becoming industrially and politically independent, and that did not suit the views of the great "capitalists" who so long had been accustomed to "destroy foreign competition." Neither did it suit that great Slave Power which so long had been accustomed to look to the West for supplies of food. The greater the product of iron the less would become the need for sending corn, pork, and flour to the South, to be there, by means of slave labor, converted into cotton. Hence arose the fact that that great measure of independence, the admirable tariff of 1842, was, like its predecessor of 1828, and like it at the close of but four years of existence, superseded by that pro-slavery and British free trade measure of 1846 to which we stand to-day indebted for all the horrors of the late rebellion.

This, of course, was hailed as *a real revenue measure*. Protection had tended, as we were assured, to destroy the revenue, and therefore had protection been itself destroyed. For the moment, as before in 1836, the revenue *did really* increase, and in aid of such increase came now the great discovery of California treasures, making large demand for labor, and for the moment carrying up immigration to the extra-

ordinary extent of 400,000. That point passed, however, we speedily arrive at a repetition of the ruin of all previous free-trade periods, 1857–60 giving the same decline of custom revenues, and same need for loans, that had been witnessed in 1840–42; as that before had given a second edition of the private and public bankruptcy of 1818–23.

The average customs revenue of these four years was $45,000,000, exceeding by little more than fifty per cent. that of the closing years of the tariff of 1828. That of the final year, when the paralysis had scarcely as yet commenced to do its work, was but $39,000,000, exceeding that of 1833 by but about *thirty-five per cent.;* population meanwhile having grown from less than fourteen to nearly thirty-three millions, giving an increase of *a hundred and twenty per cent.*

Protection being restored in 1861, the domestic commerce again, as in 1830–33, and as in 1843–48, revived, bringing with it great power for contribution to the customs revenue. As a consequence of this we find this latter to have grown *almost four hundred per cent.*, population meanwhile having increased but *twenty-five per cent.* Which now, I pray you, is THE REAL REVENUE TARIFF? That one which destroys the domestic commerce, or that which, by stimulating that commerce and with it the demand for labor, enables all to consume, or use, more largely of tea, coffee, sugar, cottons, woolens, "tenpenny nails, boilers," steam engines, houses, railroad cars, and all other things tending to promote the convenience and comfort of life?

4. Leaving you to reflect upon this important question, I now turn once again to the exhibit of public revenue presented in your Report, copied in the outset of this present letter. Turn to it yourself, I pray you, and then, if you can, give to your constituents answers to the questions that will be now propounded, as follows:—

Why is it that you have *suppressed* the fact that the customs of the, so-called, revenue tariff year 1840, had been *less* than those of the closing years of the protective period 1828–33, by more than thirty per cent., the population having meantime more than twenty-five per cent. *increased?*

Why have you *suppressed* the decline of customs revenue in the free trade years that had followed your *selected* year 1840?

Why have you *suppressed* the fact that the growth of 1855 resulted wholly from large receipts of California gold?

Why have you totally *suppressed* the calamitous free trade years that followed 1855—saying not a word of that unhappy closing year 1860, elsewhere so frequently referred to?

Why is it that you have said nothing of that poverty of the Treasury which had made it necessary to borrow more than $70,000,000 in the three years of profound peace which ended June 30, 1860, and therefore preceded all apprehension of civil war?

Why is it that the closing years of *every* anti-protective tariff have exhibited scenes of public and private bankruptcy and ruin?

Why is it that the closing years of all former protective tariffs have exhibited scenes of prosperity corresponding so precisely with those now furnished by yourself, the result of the protective policy now existing?

Why was it—if, as you assert, "a tariff *is* a tax—that the protective tariff of 1828 so increased the revenue as to render necessary the absolute enfranchisement of tea, coffee, and many other articles, from payment of any "tax" whatsoever?

Why was it that the anti-protective tariff of 1832 so decreased the revenue as to render necessary the re-imposition of all such taxes?

Why is it that among the disagreeable bequests of the anti-protective

tariffs of 1846 and 1857 is to be found a necessity for now raising annually hundreds of millions of revenue by means of "taxes" upon so many articles produced at home and needed for the convenience and comfort of life?

Why is it that your Report is in all respects so precisely in accordance with the views and wishes of those great British "capitalists" who are accustomed, "in their efforts to gain and keep foreign markets," to distribute money so very freely among those of our people who are supposed to be possessed of power to influence public opinion?

Leaving you to reflect on all these questions, I remain,

Yours respectfully,

HENRY C. CAREY.

HON. D. A. WELLS.

PHILADELPHIA, February 18, 1869.

CONCLUSION.

DEAR SIR:—

You have advised your constituents that—

"As respects the relation of legislation by the national government to the results under consideration, if we except the adoption of a liberal policy in the disposition of the public lands, it is difficult, at least for the period which elapsed between 1840 and 1860, to affirm much that is positive, unless, in conformity with the maxim, that that government is best which governs least, absence of legislation is to be regarded in the light of a positive good. If important results followed the acquisition of California, such results were certainly neither foreseen nor anticipated, while as regards commercial legislation, a review of all the facts cannot fail to suggest a doubt whether the evils which have resulted from instability have not far more than counterbalanced any advantage that may have proceeded from the experience of a fluctuating policy."

That fluctuations of policy are to be avoided is very certain, but what, I beg to ask, are those of which you have now been led to speak? Are they to be found in the changes forced upon us in 1824, '28, '42, and '61, by the almost universal ruin, public and private, of the closing years of those British free trade periods which commenced in 1817, in 1835, and in 1846? Are they not rather to be found in those several *abandonments of American policy* which led to the ruin of 1820, '23, of 1841, '42, of 1857, '61? To one of those systems of policy, the one American, the other British, you here object, but to which of them you are thus opposed you do not clearly state. Which is it? Are you in future to stand before the world as advocate of the great British capitalists who would compel our farmers to make all their exchanges in Liverpool; or of the farmer himself who seeks to have the market brought so near to home as to enable him to free his land and himself from that terrific "tax" of transportation by means of which he, in the past, has been so nearly ruined? We have here a very important question, and that you may be enabled to answer it with satisfaction to yourself, I propose now to furnish "a review of all the facts" that have thus far been developed, to wit:—

British free trade almost crushed out the great iron manufacture in the period from 1817 to '24; paralyzed it in that from 1835 to '42; and did the same in that from '48 to '60.

American freedom of commerce, resulting from protection against the

"warfare" of British "capitalists," more than trebled the iron production from 1824 to '33; did the same from 1842 to '48; and has doubled it since 1861.

British free trade never permanently added a single ton to the iron production in the whole thirty years of its existence.

American freedom of commerce has added 1,500,000 tons in the less than twenty years that the country has been ruled by the tariffs of 1828, '42, and '61.

British free trade closed the cotton mills that had been brought into existence during the war for freedom of navigation, and for sailors' rights, which commenced in 1807 and found its close in 1815. It wholly arrested progress in the period which closed in 1842; and almost wholly in that which ended in '60; doing this in despite of that great discovery of California treasures by means of which the cotton manufacture should have trebled.

American freedom of commerce doubled the cotton consumption in the period ending in '33. It almost trebled it in that ending in 1847–8. It has added fifty per cent. thereto in the last four years, and promises soon to exhibit an increase so great as to make a home demand for half the crop.

British free trade prevented the growth of either the iron or cotton manufacture in the South, and thus prevented that diversification of employments which would peacefully and profitably have given freedom to the slave, while increasing tenfold the value of land.

American freedom of commerce gave to the South a cotton manufacture that in 1847 was of the highest promise. It now proposes to give to it every variety of manufacture, thereby greatly aiding the cause of freedom, while largely increasing the fortunes of those who own the land.

British free trade bankrupted merchants and manufacturers, and filled our cities with paupers in 1820, 1842, and 1860.

American freedom of commerce gave prosperity to merchants and manufacturers, and profitable employment to the laborer, in the periods which closed with 1835 and 1848; and is now doing the same under the protective tariff of 1861.

British free trade prevented immigration in the period preceding effective action of the tariff of 1828. It paralyzed it in that which closed in 1843–4. It had almost annihilated it in that which closed in 1861–2.

American freedom of commerce quadrupled immigration in the period controlled by the protective tariff of 1828. It quadrupled it again under that controlled by the tariff of '42; and it has now been more than trebled under the tariff of '61.

British free trade almost annihilated the railroad interest in the period which closed with 1842. It did the same in that which closed with 1861.

American freedom of commerce gave new life and vigor to the same interest in the period from 1842 to '48. To a far greater extent it has done the same under the tariff of 1861.

British free trade, throughout its several periods of existence, has looked to crushing out the domestic commerce; to increasing the necessity for seeking distant markets; and to throwing on our farmers all the "tax" of transportation.

American freedom of commerce has sought to bring the market to the farmer's door, thereby freeing him from all such "tax," while throwing

on the foreign manufacturer all the expenses standing between his market and himself.

British free trade, throughout its whole existence, subjected our farmers to taxes so heavy that to a frightful extent their properties, in 1818–23, 1840–42, and 1857–60, changed hands under the sheriff's hammer.

American freedom of commerce, in all its several periods, has given prosperity to the farmer; and has already so far relieved him from the "tax" of transportation that, and for the first time in our history, he is now almost everywhere free from the burthen of mortgage and other debts.

British free trade gave us the financial revulsions of 1818–23, 1837–42, 1857–60; ruining merchants and manufacturers; almost annihilating public and private revenues; making the rich everywhere richer and the poor everywhere poorer; and forcing the Treasury to the creation of burthensome debts.

American freedom of commerce filled the Treasury to repletion in the period ending in 1835, and saved it from bankruptcy in 1842. It found the Treasury empty in 1861, and since then has supplied it with the means of making the most gigantic war recorded in the annals of the world.

British free trade, throughout, has looked to making Liverpool the hub of a great wheel of which American railroads were to be the spokes, as a necessary consequence of which there was no cohesion among the parts of which the Union had been composed. Of this discord, rebellion, civil war, were the unavoidable results.

American freedom of commerce looking, as it always *has* looked, to the creation of a great net-work of roads, tends toward bringing all the States into close communion each with every other, and thus establishing that complete *harmony of interests* to which alone can we look for perpetuation of the Union.

2. Such is the "review" for which, in the extract from your Report above given, you have seemed to call. Having studied it, and having satisfied yourself that it contains nothing that may not be "accepted as historical truth," you may, perhaps, be prepared to furnish answers to the following questions, to wit:—

Why is it that, if protection be really adverse to freedom and to the general prosperity of our people, immigration always grows with such rapidity when protection is most complete?

Why is it that, if British free trade be really favorable to freedom, men who previously had come among us with intent to stay, have always in free trade times so largely re-emigrated to Europe?

Why has it been that in the last few years hundreds of thousands of Canadians have abandoned their free trade country, and have preferred to settle in these benighted and protected States?

Why is it that of the emigrants who arrive at Quebec and Montreal, and who have the choice between free trade on the one hand and protection on the other, nearly all prefer to take the latter, selecting homes in our Western States?

Why is it that Nova Scotia and New Brunswick are almost in a state of rebellion, because of their feeling of the absolute necessity for closer connection with these protected States?

Why is it that nearly the whole population of Ireland would desire to fly from British freedom of trade and seek for homes in this now partially protected country?

Why is it that British emigration to Australia diminishes, and that

to us increases, almost precisely as our protective policy is made more and more complete?

Why is it that Australia, after a most severe political contest, has just now elected a protectionist parliament?

Why is it that furnaces are built and mines opened in protective times, and abandoned in British free trade times?

Why is it that when we build furnaces and open mines railroads are always profitable to their owners, and capital is easily obtained for the construction of new lines of road?

Why is it that when mines and furnaces are abandoned railroad property so far declines that it becomes most difficult to obtain the means for building further roads?

Why is it that financial crises, resulting in the ruin of trade, are the *never failing* accompaniments of the British free trade policy?

Why is it that such crises never occur in periods of protection?

Why is it that the deposits in our saving funds so much increase in times of protection, and so much diminish in those of British free trade?

Why is it that Sheriff's sales are so numerous in British free trade times, and so few in number in those of protection?

Why is it that British free trade periods always end in almost total failure of public revenue and almost total bankruptcy of the treasury?

Why is it that protective tariffs are so favorable to increase of public revenue, and to reduction of the public debt?

Why is it that a protective tariff now produces annually nearly as much revenue as was obtained by aid of an anti-protective one in the whole period of Mr. Buchanan's administration?

Why is it that the Republican party—the party of liberty, of equal rights, of intelligence, and of sound morals—is so generally favorable to the protective policy?

Why is it that British free trade doctrines are so universally popular among men who believe in the divine origin of slavery—among sympathizers in the late rebellion—among foreign agents—among ignorant foreigners—and among the dangerous classes throughout the Union?

Why is it that, now that it diversifies its industry by raising its own food, the South obtains more for 2,000,000 bales of cotton than before it had received for 4,000,000?

Why is it that when the refining of our oil, thus fitting it for consumption, gives us now almost our only real free trade, the same results would not be obtained, and, on a much larger scale, by finishing our cotton and fitting it also for consumption?

Why is it that France, in making her last treaty with England, established a tariff more intelligently protective than our own?

Why is it that the maker of that treaty, Mons. Chevalier, had been led to tell his countrymen that—

"Every nation owes to itself to seek the establishment of diversification in the pursuits of its people, as Germany and England have already done in regard to cottons and woollens, and as France herself has done in reference to so many and so widely-different kinds of manufacturing industry. Within these limits," as he further says, "it is not an abuse of power on the part of the Government; on the contrary, *it is the accomplishment of a positive duty so to act at each epoch in the progress of a nation as to favor the taking possession of all the branches of industry whose acquisition is authorized by the nature of things.* Governments are, in effect, the personification of nations, and *it is required that they exercise their influence in the direction indicated by the general interest, properly studied, and fully appreciated.*"

Why is it that, small as are its natural advantages, France, the country

par excellence of protection, has been enabled to establish a foreign commerce so vastly greater than our own?*

Why is it that Germany, the country that has most persistently carried into effect the policy of protection, now stands in the lead of Europe, although so recently a mere collection of loose fragments, ready to be moved about in whatsoever direction might be most agreeable to France or England at one moment, Russia or Austria at another?

Why is it that our Union, at the close of a long course of policy directly the reverse, has recently with such difficulty escaped being broken into fragments?

Why is it that British policy, that policy whose imitation is urged upon us by all the advocates of that anti-protective system which has invariably resulted in destruction of the revenue, has so entirely crushed out of existence that whole race of small British proprietors "whose touch," according to Arthur Young, "turned sand into gold?"

Why is it that the British agricultural laborer has, by means of that policy, been reduced to a condition so nearly akin to slavery as to have before him no future but the poor house?

Why is it that all the countries of the earth which find themselves compelled to submit to the, so-called, free trade policy now urged upon the world by British traders, are this day in little better than a state of ruin?

Leaving you to furnish answers to these important questions, I here close this protracted review of your labors with the request that you read once again the following passage of your Report, and that you then determine with yourself how far its broad "assertions" are to be regarded as making any approach towards "historical truth;" how far, too, the Report itself is such an one as we had a right to expect from a man who, holding a most important office, had been fully informed of the fact that money was being unsparingly used by British manufacturers in the effort now being made for perpetuating our industrial dependence as the most efficient mode of preventing the growth of political independence.

"Study of all the facts pertaining to the national development from 1840 to 1860, and from 1865 to the present time, unmistakably teaches this lesson; that the progress of the country through what we may term the strength of its elements of vitality is independent of legislation and even of the impoverishment and waste of a great war. Like one of our own mighty rivers, its movement is beyond control. Successive years, like successive affluents, only add to and increase its volume; while legislative enactments and conflicting commercial policies, like the construction of piers and the deposit of sunken wrecks, simply deflect the current or constitute temporary obstructions. In fact, if the nation has not yet been lifted to the full comprehension of its own work, it builds determinately, as it were, by instinct."

Is there in all this a single word that you will now venture to reassert? I doubt it much.

Yours respectfully,

HENRY C. CAREY.

Hon. D. A. Wells.

Philadelphia, February 20, 1869.

* The average total of French foreign commerce for the last three years has been nearly $1,600,000,000, equivalent to more than $2,000,000,000 of our currency.

EXTRACT FROM A SPEECH OF THE HON. WILLIAM D. KELLEY, DELIVERED IN THE HOUSE OF REPRESENTATIVES, FEBRUARY 4TH, 1869.

"While recounting the manifold blessings that period brought to the working people of the country, the gentleman from Ohio reminded me that the working people were docile in that year (1860), and indulged in no strikes either for higher wages or against a reduction of their pay. He said:—

"'It was a year of plenty, of great increase. I remember, moreover, that it was a year of light taxes. There was but one great people on the face of the globe so lightly taxed as the American people in 1860. Now we are the most heavily taxed people, except one, perhaps, on the face of the globe; and the weight of nearly all our taxes falls at last on the laboring man. This is an element which the gentleman seems to have omitted from his calculation altogether.

"'The gentleman says that at the present time laborers are doing better than in 1860. I ask him how many strikes there were among laborers in 1860–61? Were there any at all? And how many were there in 1868? Will the gentlemen deny that strikes exhibit the unsettled and unsatisfactory condition of labor in its relations to capital? In our mines, in our mills and furnaces, in our manufacturing establishments, are not the laborers every day joining in strikes for higher wages, and saying that they need them on account of the high price of provisions, or that the capitalists get too large a share of the profits?'

"The gentleman has my thanks for bringing this significant fact, so destructive of his own argument and that of Mr. Wells, to my attention. He knows that it was not until Jeshurun waxed fat that he kicked; and he ought to know that unemployed workmen, who had drawn the last dollar from the savings bank, and parted with furniture in exchange for food and fuel, were not in a condition to strike, and had no employers whose decrees they might resist. I need no more powerful illustration of the absurdity of the assertions of the Commissioner than the fact that the workingmen of to-day, in contrast with their abject condition in 1860, find so wide a market for their labor, and are so comparatively easy in their condition, that when their rights or interests are assailed they are able to offer resistance to the assailant.

"Our positions are fairly taken, and as the condition of savings banks furnishes the truest and most general index to the condition of the laboring people, the facts I am about to present will overthrow him who is in error. Be the judgment of the general public what it may, I am confident that the memory of every American workingman who remembers the experience of 1860 will sustain me in this controversy. Having shown the loss of depositors and deposits in the only banks from which I could obtain information on those points in or about 1860, let me compare the condition in these respects of the same banks in 1867 and 1868:—

State or City.	Year.	Increase in number of depositors.	Increase of deposits.
New Hampshire	1867	4,967	$2,672,150 05
New Hampshire	1868	7,476	2,705,242 01
Massachusetts	1867	31,740	12,699,319 40
Massachusetts	1868	34,501	14,406,752 83
Rhode Island	1867	6,845	3,651,934 11
Rhode Island	1868	4,429	2,984,988 81
Philadelphia	1867	2,460	579,746 03
Philadelphia	1868	2,234	761,901 00
		94,682	$40,462,034 24

"The contrast these figures present to those of 1860 does not give the Commissioner's theory much support, and casts a shade of doubt over the accuracy of the position taken by the gentleman from Ohio. It may, however, be regarded as excep-

tional, and I therefore propose to present a broader range of facts, embracing the amount of deposits in the banks of Maine, New Hampshire, Massachusetts, Newark, New Jersey, and the only institution at Philadelphia from which I have been able to obtain this information for the years 1860–61 and 1867–68. I have sought for corresponding facts from all the other New England States and New York, but have not been able to obtain them. These tables are, therefore, as complete as industry and the broadest research possible in so limited a period could make them. As, however, they present so general a correspondence for both periods it is fair to presume that they indicate the condition of the savings banks and their depositors throughout the country. The total amount of deposits in these banks in 1860–61, 1867–68, was as follows:—

	1860.	1861	1867.	1868.
Maine	$1,466,457 56	$1,620,270 26	$5,998,600 26	$8,132,246 71
New Hampshire	4,860,024 86	5,590,652 18	10,463,418 50	13,541,534 96
Massachusetts	45,054,236 00	44,785,439 00	80,431,583 74	94,838,336 54
Rhode Island	9,163,760 41	9,282,879 74	21,413,647 14	24,408,635 95
Philadelphia	4,083,450 28	2,251,646 46	5,003,379 42	5,765,280 63
Newark	1,687,551 51	1,539,932 34	4,405,726 46	5,430,874 60
	253,826 72	269,182 67	1,116,762 26	1,338,596 94
			325,920 57	468,160 74
	$66,569,307 34	$65,330,002 65	$128,759,038 32	153,823,667 07
	65,330,002 65			128,759,038 32
Decrease	$1,239,304 69		Increase	$25,064,628 65

"This exhibit is as unfortunate for the Commissioner's facts and theories as that which preceded it, for they show that in spite of all his rhetoric about the crudities and oppressive character of the legislation of Congress the deposits in these banks, which fell off so largely in his season of prosperity, have increased $25,064,628 65 during the last year, and that the aggregate deposit at the close of 1868, his disastrous period, is largely more than double that of 1860, which he says was so prosperous. In the pursuit of a complete comparative table for these four years I have obtained an amount of information which, though it does not relate to the particular years alluded to, will not be without interest to the House and the country, and I will therefore proceed to present the figures with as much method as I can.

"Through the kind assistance of the honorable gentleman from the Troy district, New York (Mr. Griswold), I have authentic statistics from the savings-banks of his State; and though we were unable to obtain the figures for the years 1861 or 1868, I can present the number of depositors, the total amount of deposits, and the amount deposited during each year for the years 1860, 1866, and 1867. They were as follows:—

Year.	Total number of depositors.	Total amount of deposits.	Total deposited during the year.
1860	300,693	$67,440,397	$34,934,271
1866	488,501	131,769,074	84,765,054
1867	537,466	151,127,562	99,147,321

"From Vermont I have been able to obtain only the total amount of deposits for 1867 and 1868. They were as follows:—

Year.	Total amount of deposits.
1867	$1,898,107 58
1868	2,128,641 52

"From Connecticut I have only been able to obtain the total amount of deposits for 1860, 1861, and 1866. They are as follows:—

Year.	Total amount of deposits.
1860	$18,132,820 00
1861	19,377,670 00
1866	31,224,464 25

"Thus the figures derived from every quarter are consistent with each other, and the contrast between the condition of things that prevailed between 1857 and 1861—for the return to which the Commissioner sighs—and that from 1861 to the close of 1868, which he so deprecates, is in itself sufficient to show the grotesque absurdity

of his theory, that the head of every family could save money and make deposits in 1860, and that none but unmarried people could do so in 1867 and 1868. Let me repeat his language on this point:—

"'Unmarried operatives, therefore, gain; while those who ore obliged to support their own families in hired tenements lose. Hence deposits in savings-banks increase, while marriage is discouraged; and the forced employment of young children is made almost a necessity in order that the family may live.'

"The country will hardly believe that when every head of a family among the laboring people of New York could save money the whole number put at interest but $34,000,000 per annum, and that when their condition had been so sadly impaired by the unwise legislation of Congress that people feared to marry because their wages would not enable them to support families, they deposited $99,000,000 annually, or nearly three dollars for one, and that the number of depositors nearly doubled, and the total amount on deposit to their credit ran up one hundred and twenty-five per cent.

"Thus, in defiance of the Commissioner's facts, heartily as they are indorsed by the gentleman from Ohio, the returns from savings-banks prove that, with our labor protected and a cheap and expanded currency, our small farmers and workingmen have been able to lay up hundreds of millions of capital, upon which they receive interest and for their support in age or adversity. They are happily corroborated by other facts, which in a striking manner prove the superiority of the present condition of the classes of people to which I allude over that to which the Special Commissioner of the Revenue would lead them back. While accumulating capital in savings-banks they have felt themselves able to make still more ample provision for their families after they shall have been called away by the dread summoner, death."

After showing by equally exact figures the wonderful increase in life insurance, the honorable speaker thus proceeds:—

"When people in addition to laying up money at interest are insuring their lives, they are living well; but when, as in 1860, past accumulations in savings-banks are running down, and they are wasting their time in enforced idleness, they cannot live well and contribute freely to the support of the Government. Accept the recommendations of the Commissioner and you will paralyze industry, reduce wages, throw the producing classes upon their deposits for support, and deprive them of the power to keep up the insurance on their lives. Such facts as I have presented are sufficient to refute a thousand fine-spun theories. It may, with the ingenuity that fashioned this report, be said that the policies to which I have referred are on the lives of wealthy people. But such is not the case; two hundred and sixty-five out of each thousand of them are for $1000 or less; five hundred and forty out of each thousand are for $2000 or less; seven hundred out of each thousand for $3000 or less. Only three hundred out of each thousand are for amounts over $3000. These policies are the precautions taken by well-paid industry to provide for widowhood and orphanage after the head of the family shall have paid mortality's last debt.

"It is not improper, Mr. Chairman, that in concluding this branch of my subject I should say that I have presented no statement which is not warranted by official indorsement, and that I hesitate not to assert that could the business of the savings-banks and life insurance companies of the whole country be investigated, the results would conform to those I have produced. They are truly surprising, and should they through our widely diffused periodicals find their way across the waters, will prove an abundant antidote to the Commissioner's notice to those who have thought of emigrating to this country, but who desire to live in wedlock, that they may not hope to do so under the legislation of that Congress which has for several years been in such absolute government of the country as to render the veto power of the Executive nugatory. They are, in my judgment, important enough to produce some effect upon the credit of the country, for they show that our laboring people are saving and putting at interest hundreds of millions of dollars annually, and that the people at large are paying from their abundance more, largely more, than the interest on our national debt to life insurance companies, as a provision for their widows and orphans when they shall no longer be able to provide for and protect them."

The Undeveloped Resources of the Centre and the South as exhibited, February 12, at a meeting of Northern and Southern gentlemen in Washington:—

Captain Hotchkiss, of Virginia, stated that the principal object he wished to speak about was the iron region of Central Virginia. They were aware that the State had

been divided into several regions—the tide-water country, the middle section, of a somewhat sandy nature, comparatively level, and then at the foot of the Blue Ridge they cross into the great valley, the centre of agricultural wealth. Just upon the western border of that valley (the Shenandoah), they come in contact with a line of iron ore, which is very largely developed. There are a series of parallel valleys traversed by the Chesapeake and Ohio Railroad: and in the last of these valleys, upon the western slope of the North Mountain, there is a wonderful development of iron ore. This mineral region extends over fifty miles in length by some three or four in breadth, running northeast and southwest in almost a direct line, and between veins of sandstone and limestone the ore is obtained of the very finest quality, and in almost inexhaustible deposits. Several furnaces are in active and profitable operation. Captain Hotchkiss exhibited samples of ore and an analysis of the same, and stated that one establishment had refused two hundred and fifty thousand dollars for their works and privileges. Parties are now at work upon a railroad to connect with the great Kanawha coal fields, and expect to have it in running order within a period of eighteen months. This will bring the iron ore in immediate contact, as it were, with the coal field, and of course put it in a position to be readily manufactured. Several sites and furnaces have been purchased by Northern companies, awaiting completion of the railroads to the coal fields before commencing operations. The deposits of iron in many instances crop out, stand up and form portions of the mountain itself. They appear above the surface of the ground, and in many places thousands of tons stand up as the rocks that form the summit of the mountain, and they are worked simply by blasting, and in many instances are obtained by sledging. Several of the furnaces in this valley were destroyed when General Crook made his junction with Hunter during the war, and from this source much of the iron used by the Confederacy was obtained. While much has been developed, there still remains a great body of ore that has never been disturbed. The water power in the valley is not abundant. It is sufficient in some instances, but not enough generally for manufacturing purposes, or for conducting operations entirely by the use of water-power. Nearly all the property in that section could be consolidated or purchased together, with the exception of Elizabeth Furnace and the Millens property.

Hon. William D. Kelley, of Pennsylvania, stated that during the last campaign, while travelling through Eastern Tennessee, he had witnessed the same wonderful deposits of iron ore along the line of railroad, and not only iron, but coal beds, lead, zinc, and nickel, which is said to be next to the precious metal. Already in Eastern Tennessee the development of one zinc establishment has built up a beautiful village. Through his Southern trip he found, to his surprise, the finest wheat fields he had ever seen in any region. He had seen in Louisiana fields of wheat that would yield to the acre twice as many bushels as the most fertile fields of the Northwest, and in localities where the expense of transportation to Liverpool or New York was comparatively nothing. On the farm of Hon. J. R. Robertson sixty bushels of Southern wheat to the acre has been raised, and it could be carried to the tropics in flour without danger of souring. Never before was such a thing known. These magnificent fields were visible from the railroad, and within sight of the steeples of New Orleans, while splendid patches of white clover could be seen in every direction; He had as soon expected to find gold growing on the trees as a natural crop of white clover within sight of New Orleans. The whole South abounds not only in natural agricultural wealth, but in iron regions, and in coal with which to smelt it. The South has also the richest copper region in our country, all within sight of a road soon to be constructed through the valleys of the mountain regions of Tennessee and Virginia, opening up vast fields for investment of Northern capital from the Northeast to the Gulf States—in which already handsome sums have been expended. Let us take an historical view of this country a hundred years hence, and we shall see that the material wealth of the South was transcendently in excess of the North, and that prior to the American war the greatest stores of the world were hidden from the sight of our people. Pennsylvania is abundantly rich, and yet East Tennessee, and some sections of other comparatively small States, are richer in diversified mineral wealth and great natural resources than our own boasted Commonwealth. He who wants to read the most wonderful work of nature should take "Owen's Geological Recognizance of Arkansas." The sculptors of the world will there find a marble composed of red sandstone converted by the process of time into a marble more beautiful than that of Carrara, and equally fine with any Italy has ever sent us. The vast deposits of coal, iron, marble, zinc, lead, copper, and nickel only await the labor and the capital of the North for their development. He would now state to his Southern friends that the laborers of the North were piling up their savings, amounting to nearly two hundred millions of dollars, which are ready to flow to the South as soon as they

could be assured that a cordial welcome and a safe residence in that section awaited them. Mr. Kelley said he had recently ascertained some statistics in regard to savings banks and similar institutions, which showed that in one savings bank in the city of New York, in the year 1867, between ninety-nine and one hundred millions were deposited, to be returned with from four to five per cent. interest. In the States of Maine, New Hampshire, Massachusetts, and Rhode Island, they had these savings banks, one in Philadelphia, three in New York and New Jersey, and the resulting increase of deposits had raised in the year 1868 over 1867, more than twenty-five millions. In these States last year the depositors increased by ninety-four thousand, and the number of deposits over twenty odd millions. There is lying at rest, simply invested in Government bonds, a sufficient amount of money to quicken into active operations these fine mineral resources, and to send our commerce into the ports of all the nations of the world. The statistics brought before the commissioner of our revenue for this year show that while England has been losing in her copper production, we have been largely increasing, and while England has scarcely maintained her iron production, we have nearly doubled ours. As others have lost we have gained in the ratio indicated. Let us become as one family, insure us as sure a protection as we have at home, and we shall realize, or our immediate descendants will, a pecuniary condition of things for yourselves and for ourselves, brighter than the wildest visions of any age prior to the war

Colonel Printup, of Georgia, said he would briefly state that the iron region to which reference had been made extends into North and South Carolina, the northwestern portion of Georgia, into Alabama, and he presumed would reach to a portion of Mississippi also. In the mineral resources of the South no reference had yet been made to the gold mines of Georgia. They are situated along the northwestern portion of South Carolina. They were very extensively worked before the war, and great profits had been derived where operations were conducted in a scientific manner. But the iron regions of Alabama, of which he desired to speak particularly, are beyond description. There was hardly anything he could say to give his hearers an idea of the immense quantities of iron that existed in Alabama. Mountains of iron could be found in almost any portion of the State, which, by analysis, had been proven to yield from forty to seventy-five per cent. of pure iron. They have some of the finest ores in America, and the experiment of manufacturing steel from it is now being successfully prosecuted. Specimens of ore crop out at every step you take, and they seem to be quite as prominent as those in Tennessee. We cordially invite gentlemen from the North to come down among us and examine for themselves, and we will extend to them a very hearty welcome. The coal and iron beds of Alabama lie within a short distance of each other. There is a large iron mountain in Alabama, and within four miles of it you find plenty of coal, limestone, sandstone, and rich deposits of lead, all within a circumference of four miles. The mountain is almost a solid bed of iron. There is also an iron hill in Alabama which lies parallel to the Selma railroad, about sixty miles in length, composed almost entirely of iron. Superior sandstone, bituminous coal, and various other minerals, and splendid lead deposits are also here to be seen. The people of Alabama are a little behind in the way of cultivation, but they were in hopes the North would send them some good scientific farmers to improve their agricultural system, and they would profit by the example. Indeed, they had improved very much lately, from the fact that some Virginia farmers had gone down and introduced the system of Northern agriculture. This had benefited and enhanced their lands in value very materially. Clover had been successfully raised in small fields before the war, but he had no idea how long it would last. In the hills and valleys of Georgia they were enabled to raise all kinds of fruit. In the northern part of Georgia the peach is a spontaneous production, and all along the railroad you will see lines of peach trees; but this is not the case with apples, which only flourish with cultivation.

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